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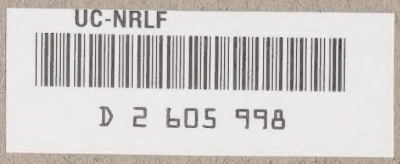

Annual Financial Report

County of Stanislaus, California

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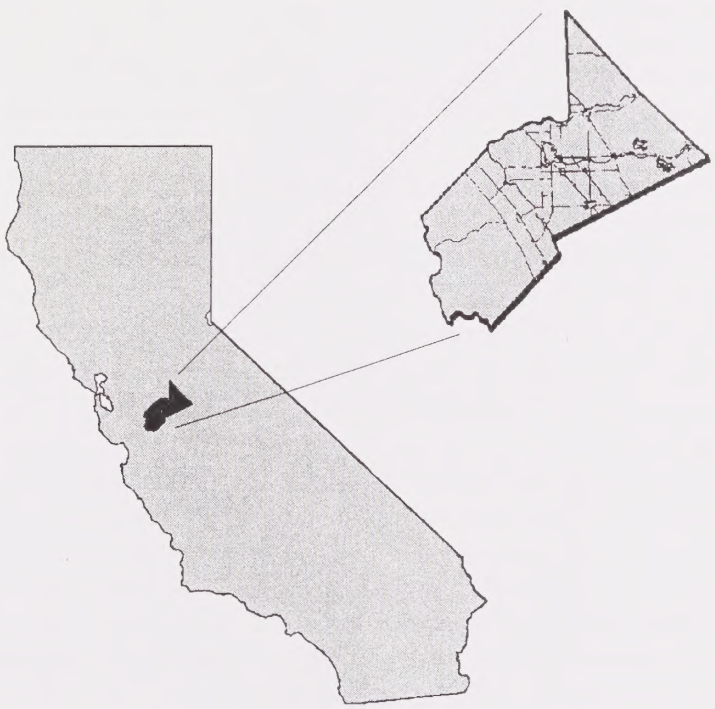
Annual Financial Report

County of Stanislaus, California
Fiscal Year Ended
June 30, 2004



Prepared By
Stanislaus County Auditor-Controller's Office
Larry D. Haugh, Auditor-Controller

IGS
#57569563

COUNTY OF STANISLAUS

Annual Financial Report

For the Fiscal Year Ended June 30, 2004

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COUNTY OF STANISLAUS

Annual Financial Report

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Financial Section

As management of the County of Stanislaus (County), we offer this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2004. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2003-2004 fiscal year by $605,443,220 (*net assets)*. Of this amount, $519,484,060 is invested in capital net of related debt and $128,721,878 is restricted for specific purpose (*restricted net assets*), leaving a deficit of $42,762,718 in unrestricted net assets.

- The government's total net assets decreased by $2.9 million.

- As of June 30, 2004, the County governmental funds reported combined fund balances of $304,593,742, an increase of $40,284,198 in comparison with the prior year. Approximately 56% of the combined fund balances, $171,102,935 is available to meet the County's current and future needs (*unreserved fund balance).*

- At the end of the fiscal year, unreserved fund balance for the general fund was $33,292,699, or 17% of total general fund expenditures and transfers.

- The County's total long-term debt increased by $30,632,065 in fiscal year 2003/04. The increase resulted from two new certificates of participation issued to build the Gallo Arts Center and another new building/parking garage in downtown Modesto.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. There are three components to the County's basic financial statements 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. This report also contains other supplementary information.

Government-wide Financial Statements **are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.**

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The business-type activities of the County include the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit.

The government-wide financial statements include not only the County (known as the primary government), but also legally separate entities (component units) for which the County is financially accountable. There are four component units included in these financial statements. The Redevelopment Agency, Stanislaus County Capital Improvements Financing Authority, Stanislaus County Tobacco Funding Corporation, and the Lighting Districts, although legally separate, function for all practical purposes as departments of the County and therefore, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

For the governmental funds, information is presented separately for the General Fund, Tobacco Settlement, Community Services Agency, Public Facility Fees, and Capital Projects, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)

The County adopts an annual appropriated budget for its general fund and most of its special revenue funds. Budgetary comparison statements have been provided in this report for the General fund and the major special revenue fund.

The governmental funds financial statements can be found on pages 18-31 of this report

Proprietary funds are divided into two types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Fink and Geer Road Landfills, Health Clinics and Ancillary Services, Stanislaus Behavioral Health Center, Inmate Welfare/Commissary and Transit activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance activities, Central Services, Fleet Services, Technology and Communication, and Morgan Shop Garage. All of these activities, except the professional liability self-insurance, predominantly benefit governmental functions and have been included within *governmental activities* in the government-wide financial statements. The Professional Liability Insurance predominantly benefits business type functions and is included within the *business-type* activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Fink and Geer Road Landfills, and the Health Clinics and Ancillary Services Fund are considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 32-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 38-78 of this report.

The combining and individual fund statements referred to earlier provide information for non-major governmental funds, enterprise and internal service funds and are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 81-95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $605,443,220 at the close of the 2003/04 fiscal year.

By far the largest portion of the County's net assets (86%) reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

County of Stanislaus Net Assets

	Governmental Activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	$421,195,409	$ 339,861,505	$ 41,468,033	$13,257,728	$ 462,663,442	$ 353,119,233
Capital assets	574,296,565	594,875,200	26,024,601	24,761,035	600,321,166	619,636,235
Total assets	995,491,974	934,736,705	67,492,634	38,018,763	1,062,984,608	972,755,468
Long-term liabilities outstanding	325,052,499	225,865,344	4,753,821	4,930,025	329,806,320	230,795,369
Other liabilities	86,093,739	69,294,808	41,641,329	21,914,907	127,735,068	91,209,715
Total liabilities	411,146,238	295,160,152	46,395,150	26,844,932	457,541,388	322,005,084
Net assets:						
Invested in capital, net of related debt	495,467,522	499,650,543	24,016,538	22,276,120	519,484,060	521,926,663
Restricted	111,663,081	163,462,506	17,058,797	21,030,306	128,721,878	184,492,812
Unrestricted	(22,784,867)	(23,536,496)	(19,977,851)	(32,132,595)	(42,762,718)	(55,669,091)
Total net assets	$584,345,736	$ 639,576,553	$ 21,097,484	$11,173,831	$ 605,443,220	$ 650,750,384

The governmental activities total net assets for 2003 has been restated in 2004 (See Note 2).

Another significant portion of the County's net assets, $128,721,878, represents resources that are subject to external restrictions on how they may be used. These two portions of the net assets (invested in capital and restricted) are greater than 100% of the total net assets, leaving a deficit of $42,762,718.

The County's net assets decreased by $2.9 million during the current fiscal year. This decrease can be largely attributed to a decrease in general revenues of $3.1 million (when excluding this year's one-time donation of $13.5 million) and an increase in program expenditures that out-paced the increase in program revenues.

For business-type activities, the County reported a negative balance of $19,977,851 in unrestricted net assets. This deficit is due primarily to the liability for closure/post-closure in the closed Geer Road landfill and the accumulated deficit in the Health Clinics and Ancillary Services Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Governmental activities Governmental activities decreased the County's net assets by $12.8 million.

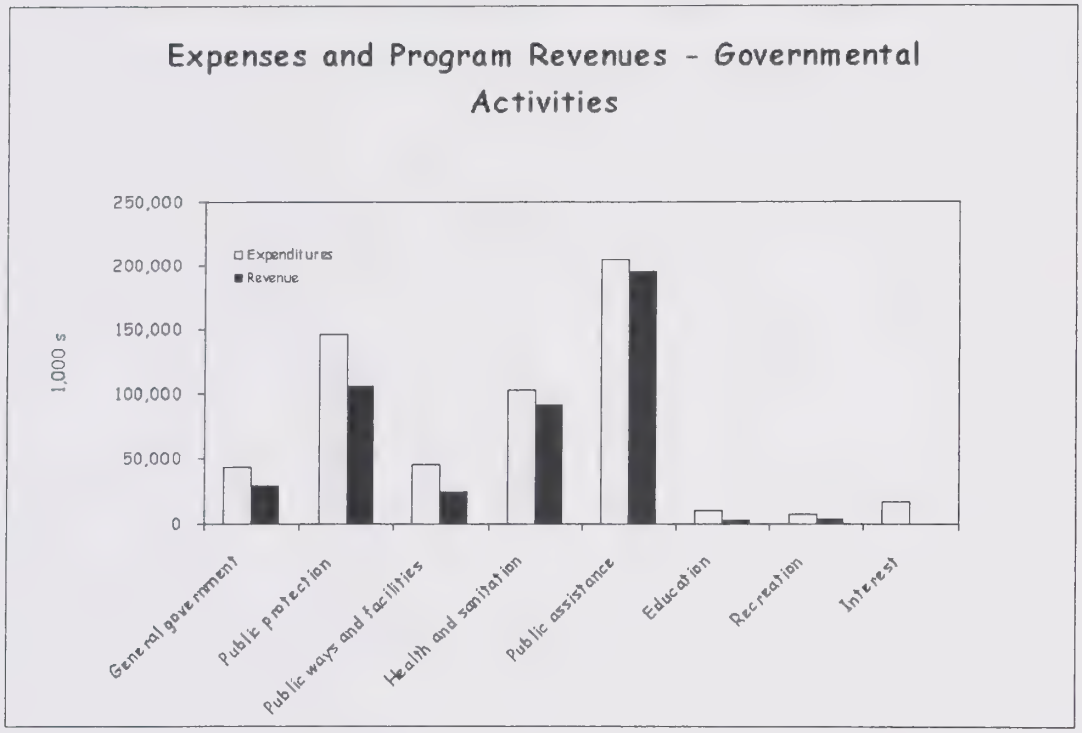
The following table indicates the changes in net assets for governmental and business-type activities:

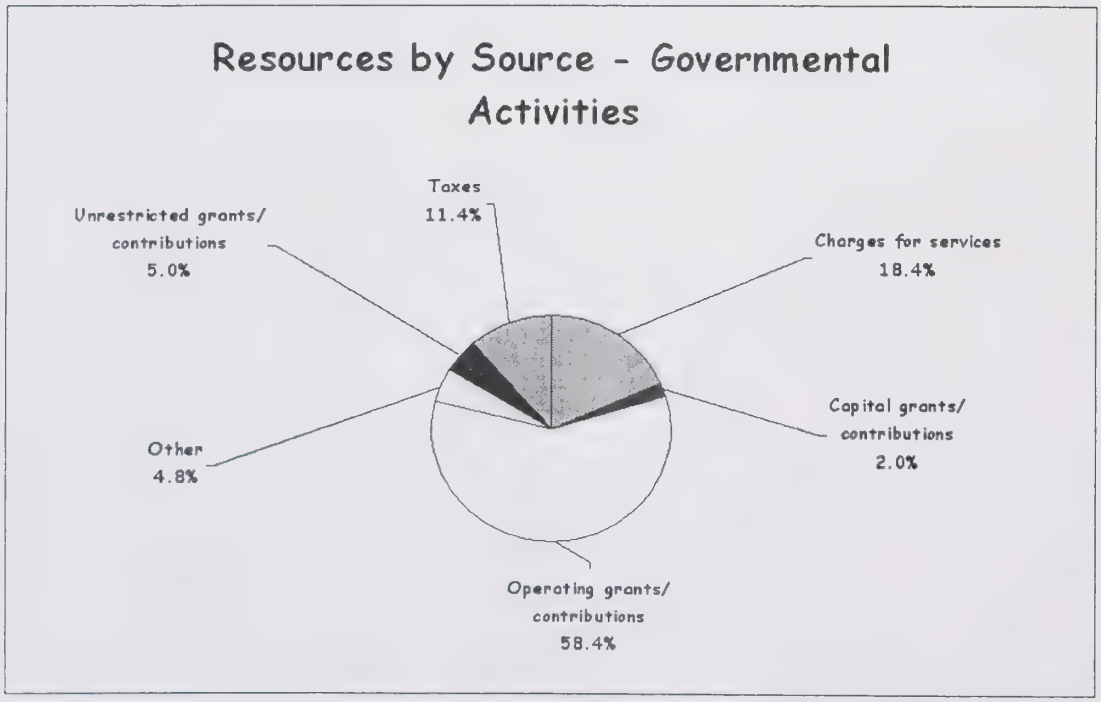
County of Stanislaus Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	$ 105,590,876	$ 91,056,066	$ 62,528,784	$58,550,605	$ 168,119,660	$149,606,671
Operating grants and contributions	335,349,242	332,085,792	2,113,508	514,380	337,462,750	332,600,172
Capital grants and contributions	11,639,869	23,552,188	133,483		11,773,352	23,552,188
General revenues:						
Property taxes	34,432,004	31,561,725			34,432,004	31,561,725
Sales taxes	27,480,214	26,468,757		1,892,035	27,480,214	28,360,792
Other taxes	3,787,530	2,918,028			3,787,530	2,918,028
Unrestricted investment earnings	2,550,113	3,646,615	2,106,012	2,571,919	4,656,125	6,218,534
Grants/contributions not restricted	28,618,894	34,395,428			28,618,894	34,395,428
Other general revenue	25,081,071	12,566,954			25,081,071	12,566,954
Total revenues	574,529,813	558,251,553	66,881,787	63,528,939	641,411,600	621,780,492
Expenses:						
General government	44,290,347	48,391,005			44,290,347	48,391,005
Public protection	146,200,826	143,930,821			146,200,826	143,930,821
Public ways and facilities	45,291,400	39,214,960			45,291,400	39,214,960
Health and sanitation	103,788,932	103,632,801			103,788,932	103,632,801
Public assistance	204,811,256	205,434,527			204,811,256	205,434,527
Education	10,553,123	9,628,228			10,553,123	9,628,228
Recreation	6,710,196	6,062,670			6,710,196	6,062,670
Interest on long-term debt	17,522,288	11,582,666			17,522,288	11,582,666
Landfills			4,295,808	7,659,100	4,295,808	7,659,100
Behavioral health			16,655,727	13,799,708	16,655,727	13,799,708
Health clinics and ancillary			40,143,654	37,321,847	40,143,654	37,321,847
Inmate welfare and commissary			1,718,460	1,437,906	1,718,460	1,437,906
Transit			2,348,014	2,082,555	2,348,014	2,082,555
Total expenses	579,168,368	567,877,678	65,161,663	62,301,116	644,330,031	630,178,794
Net asset increase (decrease) before transfers	(4,638,555)	(9,626,125)	1,720,124	1,227,823	(2,918,431)	(8,398,302)
Transfers	(8,203,529)	5,341,969	8,203,529	(5,341,969)	-	-
Change in net assets	(12,842,084)	(4,284,156)	9,923,653	(4,114,146)	(2,918,431)	(8,398,302)
Net assets, July 1, as reported	639,576,553	643,860,709	11,173,831	15,287,977	650,750,384	659,148,686
Restatements - See Note 2	(42,388,733)				(42,388,733)	
Net assets – July 1, restated	597,187,820	643,860,709	11,173,831	15,287,977	608,361,651	659,148,686
Net assets – June 30	$ 584,345,736	$639,576,553	$ 21,097,484	$11,173,831	$ 605,443,220	$650,750,384

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

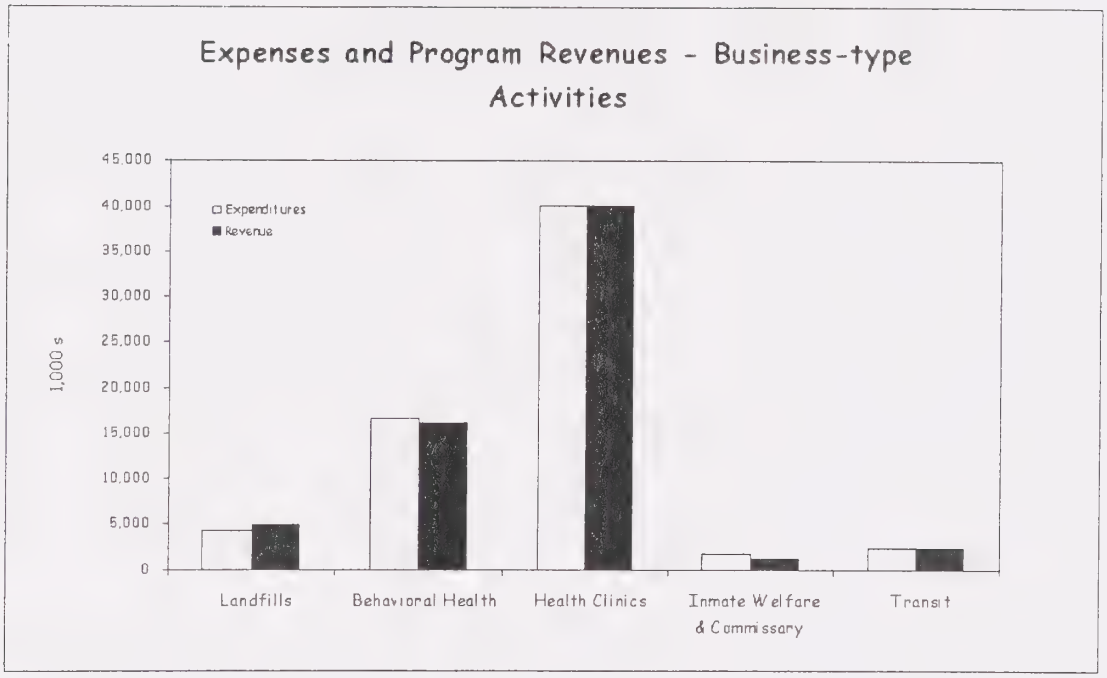
The main reason for the large decrease in net assets for governmental activities was the transfers to the Health Clinics and Ancillary Services business-type activity.

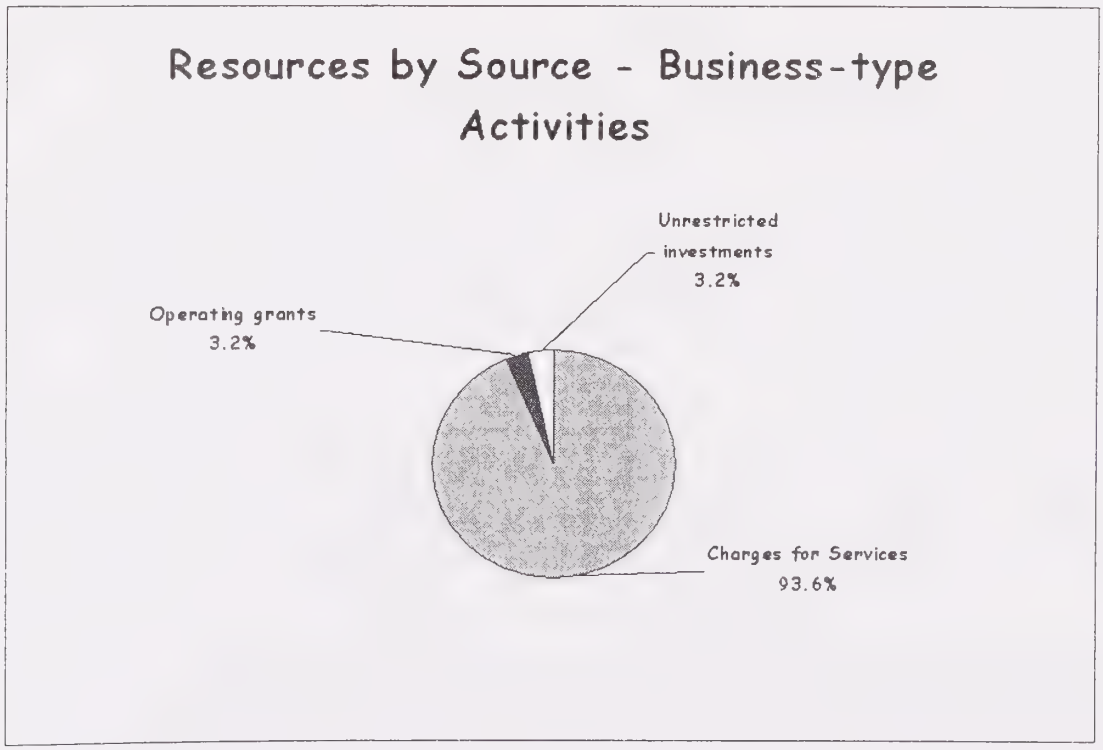




GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont.)

Business-type activities – Business-type activities had an increase in net assets by $9.9 million as a result of the transfers from the governmental activities to the Health Clinics and Ancillary Services activity.




Resources by Source - Business-type Activities
Unrestricted investments 3.2%
Operating grants 3.2%
Charges for Services 93.6%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses ***fund accounting*** to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the general, special revenue, debt service, and capital projects funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2004, the County's governmental funds reported combined fund balances of $304,593,742, an increase of $40,284,198 in comparison with the prior year. This increase can largely be attributed to $30 million in loan proceeds from the new borrowings and a donation of $13 million towards construction of the Gallo Arts Center. Approximately 56% of the combined fund balances, $171,102,935 constitutes *unreserved fund balance,* which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is *not* available for new spending because it has been committed:

1) to pay debt service $23,183,525
2) to capital projects $31,670,444
3) to liquidate contracts and purchase orders of the prior period $54,802,315
4) to reflect amount due from other funds that are long-term in nature and thus do not represent available spendable resources $5,427,434
5) to reflect long term receivables for delinquent taxes due from taxpayers $11,031,930
6) to reflect amounts loaned to other governments that are long-term and do not represent available resources $3,582,441
7) to a variety of other restricted purposes $3,792,718.

The general fund is the chief operating fund of the County. At June 30, 2004, unreserved fund balance of the general fund was $33,292,699 while total fund balance was $58,646,978. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17% of total fund expenditures and transfers, while total fund balance represents 30% of that same amount.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, activity or for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the $33.3 million General Fund unreserved fund balance, 63% is designated. Unreserved, undesignated fund balance at year-end was $12.4 million.

The total fund balance of the County's General Fund decreased by $1.3 million during the current fiscal year, largely due to decreased revenue from the State and increased expenditures in the public protection function.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (Cont.)

The debt service funds have a total fund balance of $25,711,324, of which 90% or $23,183,525 is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was $2,418,636. This increase can be attributed to loan proceeds from the issuing of new debt.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Stanislaus County Proprietary Funds				
	Major Funds			Non-major	
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary	Other Enterprise Funds	Total
Operating revenues	$ 4,941,990	$ -	$ 38,891,503	$17,617,150	$61,450,643
Operating expenses	3,833,120	462,688	39,000,172	20,721,555	64,017,535
Operating income (loss)	1,108,870	(462,688)	(108,669)	(3,104,405)	(2,566,892)
Non-operating revenues (expenses), net	1,981,709	31,227	(377,889)	2,179,309	3,814,356
Net income (loss) before contributions and transfers	3,090,579	(431,461)	(486,558)	(925,096)	1,247,464
Contributions and transfers	(477,663)	450,000	9,317,908	(953,233)	8,337,012
Net income (loss)	$ 2,612,916	$ 18,539	$ 8,831,350	$(1,878,329)	$ 9,584,476

The net income in the Fink Road Landfill resulted from fewer expenses in fiscal year 2003/04 compared to $3 million in expenses in 2002/03 for new ground excavation and lining of a cell to accept refuse. The net loss in the non-major enterprise funds is due to increased expenses in Stanislaus Behavioral Health Center following new State regulations increasing nurse to patient ratios. The Health Clinics and Ancillary Fund net income can be attributed to transfers in from the governmental funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County appropriated $3.9 million in a contingency budget for emergencies and other unanticipated expenses as part of administrative policy. At year-end, revenues exceeded budgetary estimates in the General Fund by $12 million and expenditures were less than budgetary estimates.

During the year, appropriations were increased by $165,548 resulting in a difference between the original budget and the final amended budget. This unusually small increase in annual appropriations resulted from departments' fiscal restraint.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amounted to $600,321,166 (net of accumulated depreciation). This investment in capital assets includes land and easements, roads, highways, bridges, park facilities, structures and improvements, and equipment. The County's total investment in capital assets for the current period decreased by $19.3 million mainly due to annual depreciation.

Major capital asset events during the 2003/04 fiscal year included the following:

- Construction continued on the 12th Street parking garage and office structure, expending $2.8 million of a $22.6 million project.
- Activity on the new Arts Center continued with $1.8 million expended on an overall $34.8 million project.
- Parks projects included $1.2 million in construction costs for the Grayson Community Center and Park and the Empire Neighborhood Park.
- Major public works projects included $3.8 million for sewer, storm drain, curb and gutter, and street improvements to the Shackelford area and $1.6 million in improvements to Baldwin Road.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

County of Stanislaus Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	$ 26,849,826	$ 26,061,920	$ 16,306,069	$ 14,399,808	$ 43,155,895	$ 40,461,728
Infrastructure	392,921,528	414,987,964			392,921,528	414,987,964
Structures and improvements	113,821,194	121,074,539	7,424,494	7,735,953	121,245,687	128,810,492
Equipment	30,488,145	31,800,746	2,294,038	2,625,274	32,782,183	34,426,020
Construction in progress	10,215,873				10,215,873	-
Total	$ 574,296,565	$ 593,925,169	$ 26,024,601	$ 24,761,035	$ 600,321,166	$ 618,686,204

The governmental activities total capital assets for 2003 has been restated (See Note 7).

Long-term debt

At June 30, 2004, the County had total long-term debt outstanding of $280,642,065. The increase of $30.6 million from last year's outstanding debt results from new debt to pay for the construction of the Gallo Arts Center, a parking garage and a new office building.

Our long-term debt ratings are an "A-" from Standard and Poor's Corporation and an "A" from Moody's Investor service.

County of Stanislaus
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Certificates of Participation	$ 127,096,873	$ 89,645,344	$ 1,320,192	$ 1,454,656	$ 128,417,065	$ 91,100,000
Pension Obligation Bonds	81,685,000	87,080,000			81,685,000	87,080,000
Tobacco Securitization Note	66,015,000	67,305,000			66,015,000	67,305,000
RDA Tax Allocation Bond	4,525,000				4,525,000	-
Loan Anticipation Note		4,525,000			-	4,525,000
Total	$ 279,321,873	$ 248,555,344	$ 1,320,192	$ 1,454,656	$ 280,642,065	$ 250,010,000

The governmental activities total outstanding debt for 2003 has been restated (See Note 11).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Since the County budget was adopted, the following economic conditions have materialized:

- Stanislaus County will lose revenue of $4.5 million in fiscal year 2004/05 and 2005/06 due to the State's action to balance its own budget.
- The California voters passed a proposition in November 2004 that amends the State Constitution and reduces the State's authority over local government revenues. Under this amendment, the State cannot reduce local sales tax rates, shift property taxes from local government or decrease vehicle license fee revenues without providing replacement funds.
- The California voters also passed a proposition that will increase funding for mental health services beginning in January 2005. The source of funds for these new services will be a personal income tax surcharge of 1% on taxpayers with annual taxable income of more than $1 million.
- The unemployment rate in the County for September 2004 was 9.3%, up from 8.7% in August 2004 and compared to the State of California rate of 5.7%.
- Total wage and salary employment for Stanislaus County was down between August and September 2004, from 176,400 to 171,000, a decrease of 5,400 jobs.
- Per the California Association of Realtors, the percent of households able to afford a median priced home in the County was 28% as of August 2004, down from 35% a year ago.
- During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to $12.4 million mainly due to decreased State revenues and increased public protection function expenditures. The County has appropriated $11 million of this fund balance for spending in the 2004/2005 fiscal year budget.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 1010 Tenth Street, Suite 5100, P.O. Box 770, Modesto, CA 95353.

Basic Financial Statements

County of Stanislaus
Statement of Net Assets
June 30, 2004

	Governmental Activites	Business-type Activities	Total
ASSETS			
Cash and investments	$ 163,197,965	$ 13,044,834	$ 176,242,799
Cash with fiscal agent	157,375,529		157,375,529
Taxes receivable	17,434,976		17,434,976
Accounts receivable	52,857,322	14,594,042	67,451,364
Interest and other receivables	832,284	115,076	947,360
Deposit with others	652,555		652,555
Deferred charges	1,534,479		1,534,479
Inventory	622,556	627,213	1,249,769
Prepaid items	115,637	201,433	317,070
Loans to other governments	3,582,441		3,582,441
Internal balances	4,112,627	(4,112,627)	
Restricted cash and investments	1,374,121	16,998,062	18,372,183
Investments - Joint ventures	17,502,917		17,502,917
Capital assets: (net of accumulated depreciation)			
Land	26,849,826	16,306,069	43,155,895
Infrastructure	392,921,528		392,921,528
Structures and improvements	113,821,193	7,424,493	121,245,686
Equipment	30,488,145	2,294,039	32,782,184
Construction in progress	10,215,873		10,215,873
Total capital assets	574,296,565	26,024,601	600,321,166
Total assets	995,491,974	67,492,634	1,062,984,608
LIABILITIES			
Accounts payable	18,170,845	2,773,987	20,944,832
Salaries and benefits payable	10,706,525	1,537,828	12,244,353
Interest payable	3,982,991		3,982,991
Tax revenue anticipation note	45,000,000		45,000,000
Unearned revenue	5,783,956		5,783,956
Deposits from others	7,278	28,617	35,895
Due to other governments	2,442,144		2,442,144
Payables to external parties		19,820,982	19,820,982
Estimated cost of landfill closure/postclosure		17,479,915	17,479,915
Long-term liabilities:			
Portion due or payable within one year:			
Risk management liability - current	8,853,085	645,645	9,498,730
Capital leases - current	368,233	311,808	680,041
Compensated absences - current	467,850	88,080	555,930
Long-term obligations - current	12,745,148	139,048	12,884,196
Portion due or payable after one year:			
Risk management liability	12,564,060	40,355	12,604,415
Capital leases payable	219,708	376,063	595,771
Compensated absences	23,257,690	1,971,678	25,229,368
Long-term obligations	266,576,725	1,181,144	267,757,869
Total liabilities	411,146,238	46,395,150	457,541,388
NET ASSETS			
Investment in capital assets, net of related debt	495,467,522	24,016,538	519,484,060
Restricted for:			
Capital projects	63,082,443		63,082,443
Debt service		147,690	147,690
Other purposes	48,580,638	16,911,107	65,491,745
Unrestricted (deficit)	(22,784,867)	(19,977,851)	(42,762,718)
Total net assets	$ 584,345,736	$ 21,097,484	$ 605,443,220

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 44,290,347	$ 17,555,386	$ 11,582,779	$
Public protection	146,200,826	40,883,130	65,268,208	
Public ways and facilities	45,291,400	12,520,953	11,563	11,639,869
Health and sanitation	103,788,932	26,047,686	65,085,518	
Public assistance	204,811,256	3,241,588	192,555,202	
Education	10,553,123	1,958,812	433,619	
Recreation	6,710,196	3,383,321	412,353	
Interest and fiscal charges on long-term debt	17,522,288			
Total governmental activities	579,168,368	105,590,876	335,349,242	11,639,869
Business-type activities:				
Landfills	4,295,808	4,941,990		
Behavioral Health	16,655,727	16,138,480	13,428	
Health Clinics & Ancillary	40,143,654	39,969,644		133,483
Inmate Welfare and Commissary	1,718,460	1,230,589		
Transit	2,348,014	248,081	2,100,080	
Total business-type activities	65,161,663	62,528,784	2,113,508	133,483
Total Stanislaus County	$ 644,330,031	$ 168,119,660	$ 337,462,750	$ 11,773,352

General revenues:
- Taxes:
  - Property taxes
  - Property taxes - unsecured
  - Sales taxes
  - Sales taxes - library
  - Sales taxes - road
  - Other taxes
- Franchise fees
- Payment in lieu of taxes:
  - Motor vehicle license
  - Open space subvention
- Unrestricted investment earnings
- Miscellaneous
- Donation
- Net transfers

Total general revenues and transfers

Changes in net assets

Net assets--beginning, restated

Net assets--ending

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Statement of Activities
For the Year Ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets			Functions/Programs
Governmental Activities	Business-Type Activities	Total	
			Primary government
			Governmental activities:
$ (15,152,182)	$	$ (15,152,182)	General government
(40,049,488)		(40,049,488)	Public protection
(21,119,015)		(21,119,015)	Public ways and facilities
(12,655,728)		(12,655,728)	Health and sanitation
(9,014,466)		(9,014,466)	Public assistance
(8,160,692)		(8,160,692)	Education
(2,914,522)		(2,914,522)	Recreation
(17,522,288)		(17,522,288)	Interest and fiscal charges on long-term debt
(126,588,381)		(126,588,381)	Total governmental activities
			Business-type activities:
	646,182	646,182	Landfills
	(503,819)	(503,819)	Behavioral Health
	(40,527)	(40,527)	Health Clinics & Ancillary
	(487,871)	(487,871)	Inmate Welfare and Commissary
	147	147	Transit
	(385,888)	(385,888)	Total business-type activities
$ (126,588,381)	$ (385,888)	$ (126,974,269)	Total Stanislaus County
			General revenues:
			Taxes:
32,660,262		32,660,262	Property taxes
1,771,742		1,771,742	Property taxes - unsecured
18,372,896		18,372,896	Sales taxes
7,412,709		7,412,709	Sales taxes - library
1,694,609		1,694,609	Sales taxes - road
3,787,530		3,787,530	Other taxes
1,020,333		1,020,333	Franchise fees
			Payment in lieu of taxes:
25,906,813		25,906,813	Motor vehicle license
1,691,748		1,691,748	Open space subvention
2,550,113	2,106,012	4,656,125	Unrestricted investment earnings
11,543,413		11,543,413	Miscellaneous
13,537,658		13,537,658	Donation
(8,203,529)	8,203,529		Net transfers
113,746,297	10,309,541	124,055,838	Total general revenues and transfers
(12,842,084)	9,923,653	(2,918,431)	Changes in net assets
597,187,820	11,173,831	608,361,651	Net assets--beginning, restated
$ 584,345,736	$ 21,097,484	$ 605,443,220	Net assets--ending

County of Stanislaus
Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash and investments	$ 24,486,058	$	$ 1,801,217	$ 993,179	$ 49,795,787	$ 18,116,420	$ 51,730,607	$ 146,923,268
Cash with fiscal agent	44,837,494	53,516,789				31,670,444	27,350,802	157,375,529
Taxes receivable	17,434,976							17,434,976
Accounts receivable	15,930,095	54,457	10,501,152	5,310,452	954,570	73,159	19,756,312	52,580,197
Interest and other receivables	360,127				192,682	53,154	177,703	783,666
Due from other funds	5,149,104		143,121	34,932			455,241	5,782,398
Deposit with others	10,000							10,000
Inventory							371,877	371,877
Deferred charges							1,500	1,500
Loans to other governments	3,582,441							3,582,441
Advances to other funds	500,900						4,926,534	5,427,434
Prepaid items			45,393				70,244	115,637
Restricted cash and investments	1,374,121							1,374,121
Total assets	$ 113,665,316	$ 53,571,246	$ 12,490,883	$ 6,338,563	$ 50,943,039	$ 49,913,177	$ 104,840,820	$ 391,763,044
Liabilities and fund balances								
Liabilities								
Accounts payable	$ 2,973,685		$ 4,026,296	$ 243,940	142,195	4,107,541	$ 5,449,440	$ 16,943,097
Salaries and benefits payable	4,523,792		1,170,355	2,061,133			2,772,422	10,527,702
Tax revenue anticipation note	45,000,000							45,000,000
Due to other funds	331,063		752,260				2,295,356	3,378,679
Due to other governments				39,532			2,402,612	2,442,144
Deposits from others							7,278	7,278
Deferred revenue	2,189,798	54,457	1,119,935	3,082,835			232,055	6,679,080
Advances from other funds							2,191,322	2,191,322
Total liabilities	55,018,338	54,457	7,068,846	5,427,440	142,195	4,107,541	15,350,485	87,169,302
Fund balances:								
Reserved for:								
Encumbrances	6,969,377		568,800	680		39,003,840	8,259,618	54,802,315
Advances to other funds	500,900						4,926,534	5,427,434
Long term receivables	11,031,930							11,031,930
Loans to other governments	3,582,441							3,582,441
Other	3,269,631		48,019	27,150			447,918	3,792,718
Capital projects						31,670,444		31,670,444
Debt service							23,183,525	23,183,525
Unreserved:								
Designated for:								
Debt service	9,757,589							9,757,589
Contingencies	11,123,032							11,123,032
Reported in :								
General fund	12,412,078							12,412,078
Special revenue funds		53,516,789	4,805,218	883,293			50,826,176	110,031,476
Capital project funds					50,800,844	(24,868,648)	(681,235)	25,250,961
Debt service funds							2,527,799	2,527,799
Total fund balances	58,646,978	53,516,789	5,422,037	911,123	50,800,844	45,805,636	89,490,335	304,593,742
Total liabilities and fund balances	$ 113,665,316	$ 53,571,246	$ 12,490,883	$ 6,338,563	$ 50,943,039	$ 49,913,177	$ 104,840,820	$ 391,763,044

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds (page 18)		$ 304,593,742
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 26,849,826	
Infrastructure	392,921,528	
Buildings and improvements	112,904,727	
Equipment	25,872,101	
Construction in progress	10,215,873	
Total capital assets		568,764,055
Investments - Joint ventures		17,502,917
Internal service funds are used by the County to charge the cost of general liability, unemployment, worker's compensation, dental, vision, & purchased insurance plus Central services, Fleet services, Technology & communication and Morgan garage to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		(1,960,131)
Some of the County's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are not recognized as revenue in the funds.		895,124
Costs of issuance that benefit future periods are recognized as expenditures in the funds.		1,532,979
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets.		
Balances at June 30, 2004 are:		
Certificates of participation	(127,096,873)	
Bonds payable	(86,210,000)	
Tobacco securitization note	(66,015,000)	
Capital leases	(420,396)	
Accrued interest on long term debt	(3,982,991)	
Compensated absences	(23,257,690)	
Total long-term liabilities		(306,982,950)
Net assets of governmental activities (page 15)		584,345,736

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General Fund	Tobacco Settlement	Behavioral Health and Recovery	Community Services Agency	Public Facility Fees	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:								
Taxes	$ 53,017,690	$	$	$	$	$	$ 12,557,060	$ 65,574,750
Licenses, permits and franchises	1,807,341			63,084			2,652,537	4,522,962
Fines, forfeitures and penalties	5,255,353		86,265			962,994	153,649	6,458,261
Revenue from use of money and property	2,464,214	757,843	23,498	1,198	369,427	579,886	1,189,766	5,385,832
Intergovernmental	86,104,718		31,804,353	178,571,752		359,291	77,747,556	374,587,670
Charges for services	36,341,248		20,887,911	680,599	15,732,238	269,631	22,504,954	96,416,581
Miscellaneous	2,725,869		137,282	1,433,430	(2,594)	7,448	7,241,978	11,543,413
Donation						13,537,658		13,537,658
Total revenues	187,716,433	757,843	52,939,309	180,750,063	16,099,071	15,716,908	124,047,500	578,027,127
EXPENDITURES:								
Current:								
General government	29,109,343						9,088,394	38,197,737
Public protection	103,698,437		1,143,841				38,093,827	142,936,105
Public ways and facilities	18,368						22,334,239	22,352,607
Health and sanitation	4,418,639		58,912,911				39,934,603	103,266,153
Public assistance	287,603			188,129,103			15,051,722	203,468,428
Education	305,531						9,370,806	9,676,337
Recreation and cultural services	6,552,256						53,751	6,606,007
Capital outlay					239,823	9,512,460	4,972,610	14,724,893
Debt service:								
Interest and fiscal charges	826,145		8,116	21,597			18,013,176	18,869,034
Principal	39,979		95,451	228,802			16,650,429	17,014,661
Total expenditures	145,256,301		60,160,319	188,379,502	239,823	9,512,460	173,563,557	577,111,962
Excess revenues over (under) expenditures	42,460,132	757,843	(7,221,010)	(7,629,439)	15,859,248	6,204,448	(49,516,057)	915,165
OTHER FINANCING SOURCES (USES)								
Capital lease proceeds	29,651							29,651
Transfers in	4,298,487		8,416,446	7,779,148		1,520,662	46,587,434	68,602,177
Transfers out	(48,087,887)	(1,220,453)	(1,385,414)	(1,333,935)	(6,436,001)	(1,276,443)	(16,937,486)	(76,677,619)
Loan proceeds						30,009,547	17,398,567	47,408,114
Sale of capital assets	5,825		405				480	6,710
Total other financing sources (uses)	(43,753,924)	(1,220,453)	7,031,437	6,445,213	(6,436,001)	30,253,766	47,048,995	39,369,033
Net change in fund balances	(1,293,792)	(462,610)	(189,573)	(1,184,226)	9,423,247	36,458,214	(2,467,062)	40,284,198
Fund balance at beginning of year, as restated	59,940,770	53,979,399	5,611,610	2,095,349	41,377,597	9,347,422	91,957,397	264,309,544
Fund balances at end of year	$ 58,646,978	$ 53,516,789	$ 5,422,037	$ 911,123	$ 50,800,844	$ 45,805,636	$ 89,490,335	$ 304,593,742

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2004

Net change in fund balances - total governmental funds (page 20)		$ 40,284,198
The change in net assets reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets and infrastructure	13,906,364	
Less current year depreciation	(32,733,129)	(18,826,765)
The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets		(1,158,294)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(3,516,312)
Issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets		(47,437,765)
Repayments of debt principal and issuance premiums are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and premiums are amortized in the statement of activities.		
Repayments:		
Certificate of participation	5,430,536	
Pension obligation bond	9,920,000	
Tobacco securitization note	1,290,000	
Capital lease	374,125	
Amortization of issuance premium	1,049	17,015,710
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in investment in joint ventures	(477,335)	
Change in accrued interest payable	(165,467)	
Change in compensated absences	(941,866)	
Change in deferred charges	1,524,940	(59,728)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities.		856,872
Change in net assets of governmental activities (page 17)		(12,842,084)

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Revenues:				
Taxes	$ 48,205,000	$ 48,352,471	$ 53,017,690	$ 4,665,219
Licenses, permits and franchises	1,707,358	1,707,358	1,807,341	99,983
Fines, forfeitures and penalties	3,110,467	3,410,783	5,255,353	1,844,570
Revenue from use of money and property	3,373,488	3,561,888	2,464,214	(1,097,674)
Intergovernmental revenue	86,133,802	80,569,389	86,104,718	5,535,329
Charges for services	35,824,889	35,823,399	36,341,248	517,849
Miscellaneous revenue	1,324,992	2,186,718	2,725,869	539,151
Total revenues	179,679,996	175,612,006	187,716,433	12,104,427
Expenditures: General				
Assessor				
Salaries and employee benefits	3,380,274	3,292,274	3,105,794	186,480
Services and supplies	75,434	75,434	48,017	27,417
Other charges	225,930	219,930	215,446	4,484
Expenditure transfer	33,900	39,900	37,103	2,797
Total expenditures	3,715,538	3,627,538	3,406,360	221,178
Assessor Property Tax Computer				
Salaries and employee benefits	67,639	82,639	76,991	5,648
Services and supplies	413,000	378,000	350,589	27,411
Other charges		20,000	11,888	8,112
Fixed assets	5,554	5,554	(554)	6,108
Total expenditures	486,193	486,193	438,914	47,279
Auditor-Controller				
Salaries and employee benefits	3,028,965	3,113,365	2,896,030	217,335
Services and supplies	182,172	139,988	102,609	37,379
Other charges	207,550	149,550	147,321	2,229
Expenditure transfer	7,760	(88,640)	(92,942)	4,302
Total expenditures	3,426,447	3,314,263	3,053,018	261,245
Board of Supervisors				
Salaries and employee benefits	942,144	962,626	933,283	29,343
Services and supplies	136,290	129,156	125,477	3,679
Other charges	60,133	63,745	63,662	83
Expenditure transfer	12,855	16,786	16,786	
Total expenditures	1,151,422	1,172,313	1,139,208	33,105
Chief Executive				
Salaries and employee benefits	3,888,063	4,093,939	3,919,111	174,828
Services and supplies	291,854	985,300	956,049	29,251
Other charges	390,815	251,105	196,022	55,083
Expenditure transfer	9,110	15,610	(19,499)	35,109
Total expenditures	4,579,842	5,345,954	5,051,683	294,271
Economic Development				
Services and supplies	379,009	360,938	242,956	117,982
Other charges	14,683	64,683	64,550	133
Total expenditures	393,692	425,621	307,506	118,115

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Purchasing Agent				
Salaries and employee benefits	532,198	660,198	591,569	68,629
Services and supplies	16,727	16,727	8,025	8,702
Other charges	24,305	24,123	19,301	4,822
Expenditure transfer	5,600	5,600	5,941	(341)
Total expenditures	578,830	706,648	624,836	81,812
C.A.R.E. Unit				
Services and supplies	485,760	282,071	(24,083)	306,154
Other charges	22,871	17,248	9,234	8,014
Expenditure transfer	16,010	16,010	11,710	4,300
Total expenditures	524,641	315,329	(3,139)	318,468
Risk Management				
Salaries and employee benefits	1,115,907	1,113,480	1,081,751	31,729
Services and supplies	28,953	24,400	12,443	11,957
Other charges	74,489	67,010	58,909	8,101
Expenditure transfer	1,920	1,920	2,786	(866)
Total expenditures	1,221,269	1,206,810	1,155,889	50,921
Special Projects				
Services and supplies	1,151,065	256,442	(426,628)	683,070
Other charges	1,530	1,530		1,530
Fixed assets	9,510	10,510	(411)	10,921
Total expenditures	1,162,105	268,482	(427,039)	695,521
Capital Improvement Financing Authority				
Salaries and employee benefits	75,000	83,000	83,000	
Services and supplies	226,786	100,323	85,092	15,231
Total expenditures	301,786	183,323	168,092	15,231
Plant Acquisition				
Salaries and employee benefits	26,313	129,313	103,000	26,313
Services and supplies	761,030	766,104	415,435	350,669
Other charges	596,344	234,608	887,794	(653,186)
Expenditure transfer		240	50	190
Fixed assets	2,935,000	2,270,765	(1,496,000)	3,766,765
Total expenditures	4,318,687	3,401,030	(89,721)	3,490,751
Appropriations for Contingencies				
Appropriations for contingencies	4,002,292	1,313,347	(37,346)	1,350,693
Total expenditures	4,002,292	1,313,347	(37,346)	1,350,693

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
County Facilities				
Services and supplies	1,091,613	667,948	308,393	359,555
Other charges	45	86,045	39,202	46,843
Fixed assets	50,000			
Total expenditures	1,141,658	753,993	347,595	406,398
Elections Division				
Salaries and employee benefits	626,598	654,598	544,237	110,361
Services and supplies	714,078	2,223,578	1,955,290	268,288
Other charges	63,096	62,700	49,292	13,408
Expenditure transfer	92,523	92,523	88,881	3,642
Fixed assets	64,000	64,000	(9,900)	73,900
Total expenditures	1,560,295	3,097,399	2,627,800	469,599
County Counsel				
Salaries and employee benefits	1,520,760	1,593,575	1,594,581	(1,006)
Services and supplies	75,619	78,070	42,777	35,293
Other charges	41,681	39,473	37,631	1,842
Expenditure transfer	14,950	14,950	16,349	(1,399)
Total expenditures	1,653,010	1,726,068	1,691,338	34,730
Treasurer and Tax Collector				
Salaries and employee benefits	817,408	784,408	748,241	36,167
Services and supplies	89,140	170,035	107,620	62,415
Other charges	170,376	117,946	88,288	29,658
Expenditure transfer	87,840	87,840	18,026	69,814
Total expenditures	1,164,764	1,160,229	962,175	198,054
Collections				
Salaries and employee benefits	947,512	957,691	896,907	60,784
Services and supplies	142,296	117,296	59,895	57,401
Other charges	158,266	182,913	173,992	8,921
Expenditure transfer	(677,891)	(677,891)	(562,231)	(115,660)
Total expenditures	570,183	580,009	568,563	11,446
CEO Match - Other Agencies				
Other charges	1,168,602	1,194,714	1,153,447	41,267
Total expenditures	1,168,602	1,194,714	1,153,447	41,267
CEO HCD Grant				
Services and supplies	247,551	247,551		247,551
Total expenditures	247,551	247,551		247,551

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: General				
Treasury				
Salaries and employee benefits	253,648	263,548	247,828	15,720
Services and supplies	227,094	207,094	146,413	60,681
Other charges	17,925	43,910	31,792	12,118
Expenditure transfer	53,620	155,020	153,994	1,026
Total expenditures	552,287	669,572	580,027	89,545
Facility Maintenance				
Salaries and employee benefits	2,932,938	2,938,848	2,826,836	112,012
Services and supplies	3,575,213	3,896,951	3,907,697	(10,746)
Other charges	271,240	221,352	208,122	13,230
Expenditure transfer	(1,618,700)	(1,820,349)	(1,718,067)	(102,282)
Total expenditures	5,160,691	5,236,802	5,224,588	12,214
CEO - Econ Development Bank				
Services and supplies	3,154,960	2,140,660	379,759	1,760,901
Other charges		125,000	50,456	74,544
Total expenditures	3,154,960	2,265,660	430,215	1,835,445
Expenditures: Public Protection				
Agricultural Commissioner				
Salaries and employee benefits	2,388,419	2,398,086	2,310,635	87,451
Services and supplies	416,836	411,881	395,492	16,389
Other charges	165,780	165,780	129,731	36,049
Expenditure transfer	163,090	163,090	178,281	(15,191)
Fixed assets		201,128	190,247	10,881
Total expenditures	3,134,125	3,339,965	3,204,386	135,579
Animal Services				
Salaries and employee benefits	1,737,219	1,727,219	1,675,124	52,095
Services and supplies	269,161	296,668	266,233	30,435
Other charges	193,930	173,930	172,497	1,433
Expenditure transfer	5,890	5,890	19,753	(13,863)
Total expenditures	2,206,200	2,203,707	2,133,607	70,100
Office of Emergency Services				
Salaries and employee benefits	430,726	442,572	350,795	91,777
Services and supplies	214,502	239,907	163,290	76,617
Other charges	646,752	656,752	653,889	2,863
Expenditure transfer			(16,667)	16,667
Fixed assets	4,238	4,238	(3,475)	7,713
Total expenditures	1,296,218	1,343,469	1,147,832	195,637
County Court Funding				
Salaries and employee benefits				
Services and supplies	168,512	158,233	157,782	451
Other charges	5,577,842	6,745,828	6,745,828	
Expenditure transfer	914,040	782,722	782,070	652
Total expenditures	6,660,394	7,686,783	7,685,680	1,103

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Recorder Division				
Salaries and employee benefits	1,169,945	1,105,945	1,036,824	69,121
Services and supplies	115,862	157,520	107,097	50,423
Other charges	131,011	153,510	153,142	368
Expenditure transfer	98,663	98,663	106,234	(7,571)
Fixed assets	28,005	28,005	(3,705)	31,710
Total expenditures	1,543,486	1,543,643	1,399,592	144,051
District Attorney				
Salaries and employee benefits	8,646,188	8,723,493	8,376,296	347,197
Services and supplies	280,999	620,551	606,183	14,368
Other charges	412,419	445,419	432,856	12,563
Expenditure transfer	52,130	57,372	57,372	
Total expenditures	9,391,736	9,846,835	9,472,707	374,128
Planning				
Salaries and employee benefits	1,233,947	1,233,947	1,071,067	162,880
Services and supplies	717,534	697,289	101,971	595,318
Other charges	44,980	44,980	32,792	12,188
Expenditure transfer	11,960	11,960	12,585	(625)
Total expenditures	2,008,421	1,988,176	1,218,415	769,761
Probation				
Salaries and employee benefits	1,043,174	1,162,402	1,122,937	39,465
Services and supplies	840,981	552,754	376,567	176,187
Other charges	678,948	938,948	900,010	38,938
Expenditure transfer	500	500	1,000	(500)
Fixed assets	11,000	15,000	14,805	195
Total expenditures	2,574,603	2,669,604	2,415,319	254,285
Probation - Casework				
Salaries and employee benefits	6,623,245	6,248,245	5,871,994	376,251
Services and supplies	273,644	358,412	249,016	109,396
Other charges	178,091	242,370	197,664	44,706
Expenditure transfer	91,660	91,660	92,829	(1,169)
Fixed assets	50,000	50,000	19,776	30,224
Total expenditures	7,216,640	6,990,687	6,431,279	559,408
Probation - Institutions				
Salaries and employee benefits	4,835,874	4,889,874	4,600,611	289,263
Services and supplies	166,153	513,504	460,317	53,187
Other charges	149,388	141,220	140,137	1,083
Expenditure transfer	653,290	394,190	370,471	23,719
Fixed assets	50,000	15,000	3,300	11,700
Total expenditures	5,854,705	5,953,788	5,574,836	378,952
Public Defender				
Salaries and employee benefits	3,728,337	3,701,845	3,536,598	165,247
Services and supplies	429,236	308,252	240,145	68,107
Other charges	199,488	200,179	198,383	1,796
Expenditure transfer	82,480	199,177	192,708	6,469
Fixed assets	117	1,917	1,500	417
Total expenditures	4,439,658	4,411,370	4,169,334	242,036

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Protection				
Indigent Defense				
Services and supplies	1,717,190	1,823,190	1,817,313	5,877
Total expenditures	1,717,190	1,823,190	1,817,313	5,877
Sheriff's Administration				
Salaries and employee benefits	1,547,970	1,547,970	1,439,169	108,801
Services and supplies	522,288	556,622	466,194	90,428
Other charges	233,713	233,713	229,208	4,505
Expenditure transfer	8,000	8,000		8,000
Total expenditures	2,311,971	2,346,305	2,134,571	211,734
Sheriff's Operations				
Salaries and employee benefits	23,484,631	24,236,986	23,083,428	1,153,558
Services and supplies	1,726,421	1,589,912	1,378,029	211,883
Other charges	3,602,129	3,866,670	3,779,741	86,929
Expenditure transfer	(311,640)	(311,640)	(356,353)	44,713
Fixed assets	31,790	70,602	32,106	38,496
Total expenditures	28,533,331	29,452,530	27,916,951	1,535,579
Sheriff's Detention				
Salaries and employee benefits	21,216,698	21,290,757	20,022,296	1,268,461
Services and supplies	3,419,068	3,306,765	3,051,337	255,428
Other charges	965,903	965,439	790,916	174,523
Expenditure transfer	(110,650)	109,350	466,592	(357,242)
Fixed assets	660	660	(32)	692
Total expenditures	25,491,679	25,672,971	24,331,109	1,341,862
Court Security				
Salaries and employee benefits	2,898,866	2,898,866	2,591,621	307,245
Services and supplies	9,406	9,406	2,837	6,569
Other charges	3,000	3,000	3,717	(717)
Expenditure transfer	60,056	60,056	50,980	9,076
Total expenditures	2,971,328	2,971,328	2,649,155	322,173
Grand Jury				
Salaries and employee benefits	33,354	36,354	34,243	2,111
Services and supplies	61,155	55,314	41,176	14,138
Other charges	5,577	5,500	4,987	513
Expenditure transfer			2,614	(2,614)
Total expenditures	100,086	97,168	83,020	14,148
CEO Ray Simon Training Center				
Services and supplies		7,700	4,452	3,248
Other charges	8,820	8,820	6,818	2,002
Expenditure transfer	317,159	301,734	266,894	34,840
Total expenditures	325,979	318,254	278,164	40,090

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Public Ways and Facilities				
Airport				
Services and supplies	159,208	159,208	(141,706)	300,914
Total expenditures	159,208	159,208	(141,706)	300,914
CEO Crows Landing Air Facility				
Services and supplies		350,000	350,000	
Total expenditures		350,000	350,000	
Expenditures: Health and Sanitation				
CEO Jail Medical				
Services and supplies	4,348,354	4,448,354	4,435,870	12,484
Total expenditures	4,348,354	4,448,354	4,435,870	12,484
Expenditures: Public Assistance				
Veteran's Services				
Salaries and employee benefits	228,090	228,161	221,617	6,544
Services and supplies	17,619	11,179	10,654	525
Other charges	15,672	18,331	18,189	142
Expenditure transfer	4,350	3,045	3,212	(167)
Total expenditures	265,731	260,716	253,672	7,044
CEO Community Support				
Services and supplies		75,000	36,858	38,142
Total expenditures		75,000	36,858	38,142
Expenditures: Education				
Cooperative Extension				
Salaries and employee benefits	251,557	236,494	201,168	35,326
Services and supplies	41,540	41,540	21,895	19,645
Other charges	42,217	41,920	40,067	1,853
Expenditure transfer	45,520	45,520	43,475	2,045
Total expenditures	380,834	365,474	306,605	58,869
Expenditures: Recreation and Cultural Services				
Parks and Recreation				
Salaries and employee benefits	2,347,231	2,345,941	2,098,657	247,284
Services and supplies	847,977	986,124	944,969	41,155
Other charges	2,421,691	2,430,658	2,422,850	7,808
Expenditure transfer	370,540	399,315	396,234	3,081
Fixed assets	892,446	892,144	34,785	857,359
Total expenditures	6,879,885	7,054,182	5,897,495	1,156,687

(Continued)

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund (Continued)
Budget and Actual on Budgetary Basis
For the fiscal year ended June 30, 2004

	Original Budget	Final Budget	Actual Amount on the Budgetary Basis	Variance with Final Budget
Expenditures: Recreation				
Parks - Master Plan				
Services and supplies	373,550	448,550	40,912	407,638
Total expenditures	373,550	448,550	40,912	407,638
Tuolumne River Regional Park				
Services and supplies	213,414	213,414	213,414	
Total expenditures	213,414	213,414	213,414	
Expenditures: Debt Service				
Debt Service				
Expenditure transfer	(707,318)	(707,318)	(629,174)	(78,144)
Total expenditures	(707,318)	(707,318)	(629,174)	(78,144)
Tax Revenue Anticipation Note				
Services and supplies		67,500	66,750	750
Other charges			822,708	(822,708)
Total expenditures		67,500	889,458	(821,958)
Total Expenditures - General Fund	161,928,153	162,093,701	144,090,683	18,003,018
Excess of revenue over expenditures	17,751,843	13,518,305	43,625,750	30,107,445
Other financing sources (uses):				
Capital lease proceeds	29,651	29,651	29,651	
Transfers in	487,958	2,920,631	4,298,487	1,377,856
Transfers out	(41,843,343)	(43,391,336)	(48,087,887)	(4,696,551)
Sale of capital assets			5,825	5,825
Total other financing sources (uses)	(41,325,734)	(40,441,054)	(43,753,924)	(3,312,870)
Deficiency of revenues and other financing sources under expenditures and other financing uses	(23,573,891)	(26,922,749)	(128,174)	26,794,575
Fund balance at beginning of year	59,940,770	59,940,770	59,454,697	486,073
Fund balance at end of year	$ 36,366,879	$ 33,018,021	$ 59,326,523	$ 27,280,648

The accompanying notes to the financial statements are an integral part of this statement

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
Behavioral Health and Recovery - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2004

	Budgeted Amounts		Actual amount	
	Original Budget	Final Budget	on the Budgetary basis	Variance with Final Budget
Revenues				
Fines, forfeitures, and penalties	$ 52,000	$ 80,000	$ 86,265	$ 6,265
Revenue from use of money and property	348,201	218,500	23,498	(195,002)
Intergovernmental revenue	34,174,626	34,954,486	31,804,353	(3,150,133)
Charges for services	19,977,714	19,253,548	20,887,911	1,634,363
Miscellaneous revenue	91,034	91,034	137,282	46,248
Total revenues	54,643,575	54,597,568	52,939,309	(1,658,259)
Expenditures				
Public Protection				
Salaries and employee benefits	849,270	809,270	744,687	64,583
Services and supplies	84,874	94,874	77,430	17,444
Other charges	103,185	138,240	123,755	14,485
Expenditure transfer	149,187	149,187	197,969	(48,782)
Total Public Protection	1,186,516	1,191,571	1,143,841	47,730
Health and Sanitation				
Salaries and employee benefits	27,104,619	26,949,711	25,670,777	1,278,934
Services and supplies	32,141,212	32,742,762	29,518,306	3,224,456
Other charges	4,598,672	4,035,953	3,723,828	312,125
Fixed assets	50,000	50,000		50,000
Total Health and Sanitation	63,894,503	63,778,426	58,912,911	4,865,515
Total expenditures	65,081,019	64,969,997	60,056,752	4,913,245
Deficiency of revenues under expenditures	(10,437,444)	(10,372,429)	(7,117,443)	3,254,986
Other financing sources (uses)				
Transfers in	7,931,427	8,171,034	8,416,446	245,412
Transfers out	(679,450)	(905,760)	(1,385,414)	(479,654)
Sale of capital assets			405	405
Total other financing sources (uses)	7,251,977	7,265,274	7,031,437	(233,837)
Deficiency of revenues and other financing sources under expenditures and other financing uses	(3,185,467)	(3,107,155)	(86,006)	3,021,149
Fund balance at beginning of year	5,611,610	5,611,610	5,611,610	
Fund balance at end of year	$ 2,426,143	$ 2,504,455	$ 5,525,604	$ 3,021,149

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Schedule of Revenues, Expenditures and Changes in Fund Balance
Community Services Agency - Special Revenue Fund
Budget and Actual on the Budgetary Basis
For the fiscal year ended June 30, 2004

	Budgeted Amounts		Actual amount on the	Variance with
	Original Budget	Final Budget	Budgetary basis	Final Budget
Revenues				
Licenses, permits and franchises	$ 66,495	$ 66,495	$ 63,084	$ (3,411)
Revenue from use of money and property			1,198	1,198
Intergovernmental revenue	189,444,498	194,860,721	178,571,752	(16,288,969)
Charges for services	686,820	686,820	680,599	(6,221)
Miscellaneous revenue	1,477,256	1,477,256	1,433,430	(43,826)
Total revenues	191,675,069	197,091,292	180,750,063	(16,341,229)
Expenditures				
Public Assistance				
Salaries and employee benefits	52,567,886	53,476,815	46,193,539	7,283,276
Services and supplies	8,845,741	12,726,982	9,270,711	3,456,271
Other charges	139,993,017	141,269,659	132,838,681	8,430,978
Fixed assets	79,500	89,000	63,080	25,920
Total expenditures	201,486,144	207,562,456	188,366,011	19,196,445
Deficiency of revenues under expenditures	(9,811,075)	(10,471,164)	(7,615,948)	2,855,216
Other financing sources (uses)				
Transfers in	9,670,167	9,764,320	8,324,940	(1,439,380)
Transfers out	(928,651)	(973,696)	(1,879,727)	(906,031)
Total other financing sources (uses)	8,741,516	8,790,624	6,445,213	(2,345,411)
Deficiency of revenues and other financing sources under expenditures and other financing uses	(1,069,559)	(1,680,540)	(1,170,735)	509,805
Fund balance at beginning of year	2,095,349	2,095,349	2,095,349	
Fund balance at end of year	$ 1,025,790	$ 414,809	$ 924,614	$ 509,805

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
ASSETS:						
Current Assets:						
Cash and investments	$ 7,500,137	$ 196,197	$	$ 2,338,575	$ 10,034,909	$ 19,284,622
Accounts receivable, net	852,438		10,178,373	3,563,231	14,594,042	272,252
Interest and other receivables	74,821	17,884		11,205	103,910	67,935
Inventory			587,707	39,506	627,213	250,679
Deposit with others						642,555
Due from other funds			1,282,765	752,260	2,035,025	
Prepaid items			201,433		201,433	
Total current assets	8,427,396	214,081	12,250,278	6,704,777	27,596,532	20,518,043
Noncurrent assets:						
Restricted cash and investments	11,995,627	4,854,745	147,690		16,998,062	
Capital assets:						
Land	14,399,808	1,906,261			16,306,069	
Building and improvements	54,587		11,874,800	7,417,746	19,347,133	990,773
Equipment	671,930	14,239	7,623,740	754,687	9,064,596	22,718,383
Less Accumulated depreciation	(593,109)	(3,738)	(15,752,974)	(2,343,376)	(18,693,197)	(18,176,646)
Net capital assets	14,533,216	1,916,762	3,745,566	5,829,057	26,024,601	5,532,510
Total noncurrent assets	26,528,843	6,771,507	3,893,256	5,829,057	43,022,663	5,532,510
Total assets	$ 34,956,239	$ 6,985,588	$ 16,143,534	$ 12,533,834	$ 70,619,195	$ 26,050,553
LIABILITIES:						
Current liabilities:						
Accounts payable	$ 142,307	$ 25,416	$ 1,776,505	$ 826,282	$ 2,770,510	$ 1,234,503
Salaries and benefits payable	42,698		980,128	515,002	1,537,828	178,823
Due to other funds				2,911,540	2,911,540	1,527,204
Deposits from others	28,617				28,617	
Interfund note payable - current			1,185,766		1,185,766	
Risk management liability - current						9,498,730
Capital leases - current			305,897	5,911	311,808	128,883
Compensated absences - current	3,599		71,538	12,943	88,080	467,850
Long-term obligations - current			139,048		139,048	
Total current liabilities	217,221	25,416	4,458,882	4,271,678	8,973,197	13,035,993
Noncurrent liabilities						
Estimated cost of landfill closure/postclosure	5,881,980	11,597,935			17,479,915	
Advances from other funds			3,236,112		3,236,112	
Interfund note payable			18,635,216		18,635,216	
Risk management liability						12,604,415
Capital leases payable			376,063		376,063	38,662
Compensated absences	145,886		1,277,250	548,542	1,971,678	
Long term obligations			1,181,144		1,181,144	
Total noncurrent liabilities	6,027,866	11,597,935	24,705,785	548,542	42,880,128	12,643,077
Total liabilities	6,245,087	11,623,351	29,164,667	4,820,220	51,853,325	25,679,070
NET ASSETS:						
Invested in capital assets, net of related debt	14,533,216	1,916,762	1,743,414	5,823,146	24,016,538	5,364,965
Restricted	12,039,341	4,871,766	147,690		17,058,797	
Unrestricted	2,138,595	(11,426,291)	(14,912,237)	1,890,468	(22,309,465)	(4,993,482)
Total net assets	$ 28,711,152	$ (4,637,763)	$ (13,021,133)	$ 7,713,614	18,765,870	$ 371,483
Adjustment to reflect the consolidation of internal service fund activites related to enterprise funds					2,331,614	
Net assets of business type activites					$ 21,097,484	

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Sanitary Landfill	Geer Road Sanitary Landfill	Health Clinics & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	$ 4,941,990	$	$ 32,606,790	$ 17,617,150	$ 55,165,930	$ 52,235,256
Miscellaneous			6,284,713		6,284,713	
Total operating revenues	4,941,990		38,891,503	17,617,150	61,450,643	52,235,256
Operating expenses:						
Salaries and benefits	1,066,872		21,014,778	11,111,181	33,192,831	4,795,190
Services and supplies	2,642,145	461,976	17,116,626	9,342,163	29,562,910	45,905,846
Depreciation	34,657	712	868,768	268,211	1,172,348	1,186,055
Estimated cost of closure/postclosure	89,446				89,446	
Total operating expenses	3,833,120	462,688	39,000,172	20,721,555	64,017,535	51,887,091
Operating income (loss)	1,108,870	(462,688)	(108,669)	(3,104,405)	(2,566,892)	348,165
Nonoperating revenues (expenses)						
Investment earnings	1,981,709	31,227	8,452	66,447	2,087,835	97,037
Interest expense			(344,700)	(646)	(345,346)	(13,771)
Gain (loss) on sale of capital assets			(41,641)		(41,641)	13,883
Operating grants				2,113,508	2,113,508	
Total nonoperating revenues (expenses)	1,981,709	31,227	(377,889)	2,179,309	3,814,356	97,149
Income (loss) before capital contributions and transfers	3,090,579	(431,461)	(486,558)	(925,096)	1,247,464	445,314
Transfers in		450,000	14,958,102	397,461	15,805,563	282,197
Transfers out	(477,663)		(5,773,677)	(1,350,694)	(7,602,034)	(410,284)
Capital contributions			133,483		133,483	878,820
Changes in net assets	2,612,916	18,539	8,831,350	(1,878,329)	9,584,476	1,196,047
Total net assets - beginning	26,098,236	(4,656,302)	(21,852,483)	9,591,943		(824,564)
Total net assets - ending	$ 28,711,152	$ (4,637,763)	$ (13,021,133)	$ 7,713,614		$ 371,483
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					339,177	
Change in net assets of business type activities					$ 9,923,653	

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers and users	$ 4,788,993	$ 9,458	$ 36,179,569	$ 17,653,252	$ 58,631,272	$ 52,524,911
Cash received from interfund services				717,130	$ 717,130	21,175
Cash paid to suppliers	(2,686,488)	(502,014)	(17,926,046)	(9,116,552)	(30,231,100)	(45,336,145)
Cash paid for interfund services			(749,304)		(749,304)	(995,318)
Cash paid to employees	(1,037,232)		(20,722,739)	(10,890,223)	(32,650,194)	(4,986,116)
Net cash provided (used) by operating activities	1,065,273	(492,556)	(3,218,520)	(1,636,393)	(4,282,196)	1,228,507
Cash flows from noncapital financing activities:						
Transfers in		450,000	7,567,620	397,461	8,415,081	282,197
Advance from County			3,236,112		3,236,112	
Payment on interfund note payable			(668,050)		(668,050)	
Subsidy from state & federal grant				2,113,508	2,113,508	
Transfers out	(477,663)		(5,773,677)	(1,350,694)	(7,602,034)	(410,284)
Net cash provided (used) by noncapital financing activities	(477,663)	450,000	4,362,005	1,160,275	5,494,617	(128,087)
Cash flows from capital and related financing activities:						
Sale of capital assets						19,687
Purchase of capital assets	(28,353)	(1,906,261)	(316,756)	(20,927)	(2,272,297)	(1,548,310)
Capital contributions					-	878,820
Principal payment - capital leases			(408,665)	(5,499)	(414,164)	(121,896)
Principal payment - long term debt			(134,464)		(134,464)	
Interest paid			(344,700)	(646)	(345,346)	(13,771)
Net cash (used) by capital and related financing activities	(28,353)	(1,906,261)	(1,204,585)	(27,072)	(3,166,271)	(785,469)
Cash flows from investing activities:						
Interest received	1,981,709	31,227	8,452	66,447	2,087,835	97,037
Net cash provided by investing activities	1,981,709	31,227	8,452	66,447	2,087,835	97,037
Net increase (decrease) in cash and cash equivalents	2,540,966	(1,917,590)	(52,648)	(436,743)	133,985	411,988
Cash and equivalents, July 1, 2003	16,954,798	6,968,532	200,338	2,775,318	26,898,986	18,872,639
Cash and equivalents, June 30, 2004	$ 19,495,764	$ 5,050,942	$ 147,690	$ 2,338,575	$ 27,032,971	$ 19,284,622
Reconciliation of cash and cash equivalents to the Statement of Net Assets						
Cash and investments per Statement of Net Assets	$ 7,500,137	$ 196,197	$	$ 2,338,575	$ 10,034,909	$ 19,284,622
Restricted cash and investments per Statement of Net Assets	11,995,627	4,854,745	147,690		16,998,062	
Total cash and cash equivalents per Statement of Net Assets	$ 19,495,764	$ 5,050,942	$ 147,690	$ 2,338,575	$ 27,032,971	$ 19,284,622

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds					Governmental Activities
	Fink Road Landfill	Geer Road Landfill	Health Clinics & Ancillary Services	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ 1,108,870	$(462,688)	$ (108,669)	$ (3,104,405)	$ (2,566,892)	$ 348,165
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	34,657	712	868,768	268,211	1,172,348	1,186,055
(Increase) decrease in accounts receivable	(149,577)		(2,711,934)	39,689	(2,821,822)	156,898
(Increase) decrease in other receivables	(3,420)	9,458		1,659	7,697	6,778
(Increase) decrease in inventory			(194,617)	(5,246)	(199,863)	125,979
(Increase) decrease in prepaids			(48,783)		(48,783)	
(Increase) decrease in due from other funds			(749,304)	(447,946)	(1,197,250)	
(Increase) decrease in deposits with others						21,175
Increase (decrease) in accounts payable and accrued liabilities	(44,343)	(40,038)	(566,020)	225,611	(424,790)	(255,975)
Increase (decrease) in interfund payable				(1,746,464)	(1,746,464)	(2,522,522)
Increase (decrease) in salaries and benefits payable	10,606		159,789	98,593	268,988	(32,384)
Increase (decrease) in liability for compensated absences	19,034		132,250	122,365	273,649	(158,542)
Increase (decrease) in due to other funds/governments				2,911,540	2,911,540	1,527,204
Increase (decrease) in estimated cost of closure/postclosure	89,446				89,446	
Increase (decrease) in self insurance liability						825,676
Net cash provided (used) by operating activities	$ 1,065,273	$(492,556)	$ (3,218,520)	$ (1,636,393)	$ (4,282,196)	$ 1,228,507

Non-cash financing activity		
Capital contributions	$ 133,483	$ 133,483
Book value of disposed capital assets	41,641	41,641
Purchase of capital assets via capital lease	71,775	71,775
Reclassify advance from County to transfer	7,390,482	7,390,482
Total	$ 7,637,381	$ 7,637,381

The notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Employees' Retirement Trust	Investment Trust	Agency Funds	Woodward Intake Project Private-Purpose Trust Fund
ASSETS				
Cash and investments	$ 32,963,414	$ 454,603,705	$ 10,700,873	$
Accounts receivable (net of allowance for uncollectables)		3,516,031		
Interest and other receivable	9,026,605	1,849,951	48	
Interfund note receivable		19,820,982		
Other assets	440,501	4,176,093		
Other investments	1,230,951,284			
Total assets	1,273,381,804	483,966,762	10,700,921	
LIABILITIES				
Accounts payable	169,774,242	6,157,909	362,979	
Salaries and benefits payable		340,534		
Trust obligations		9,227,886	10,337,942	
Total liabilites	169,774,242	15,726,329	10,700,921	
NET ASSETS				
Net assets held in trust for investment pension benefits/pool participants	$ 1,103,607,562	$ 468,240,433	$	$

The accompanying notes to the financial statements are an integral part of this statement.

County of Stanislaus
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2004

	Employees' Retirement Trust	Investment Trust	Woodward Intake Project Private-Purpose Trust Fund
Additions:			
Contributions:			
Employer contributions	$ 17,113,973	$	$
Member contributions	18,941,508		
Contributions on pooled investments		2,997,372,982	
Total contributions	36,055,481	2,997,372,982	
Investment income:			
Net appreciation in fair value	135,169,475		
Interest	26,276,509	3,274,597	
Dividends	2,428,825		
Miscellaneous income	114,058		2,000,000
Less investment expense	(4,860,872)		
Net investment income	159,127,995	3,274,597	2,000,000
Total additions	195,183,476	3,000,647,579	2,000,000
Deductions:			
Benefit payments	47,926,180		
Refunds of prior contributions	1,326,769		
Distributions from pooled investments		2,956,681,451	
Park improvement			3,000,000
Administrative expense	1,301,337		
Total deductions	50,554,286	2,956,681,451	3,000,000
Change in net assets	144,629,190	43,966,128	(1,000,000)
Net assets held in trust - beginning as restated	958,978,372	424,274,305	1,000,000
Net assets held in trust - ending	$ 1,103,607,562	$ 468,240,433	$

The accompanying notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of the County of Stanislaus (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, legally separate entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

Reported component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Each component unit has a June 30th year end.

Blended Component Units

1. Redevelopment Agency of the County of Stanislaus ("Agency"): The Agency was established by the County as a separate legal entity in accordance with state law. It is governed by the five members of the County Board of Supervisors. The purpose of the Agency is to acquire, rehabilitate, and revitalize property within legally designated redevelopment areas. The Agency provides service solely to the County and is reported as a capital projects fund.

2. Stanislaus County Capital Improvements Financing Authority ("Authority"): The Authority was established on September 1, 1989, as a separate legal entity whose sole purpose is to provide financing for various County capital projects. It is governed by the five members of the County Board of Supervisors. The activity for the Authority is reported in the debt service funds.

3. Lighting Districts: The County has 26 different, legally separate lighting districts whose boards are the same as the County Board of Supervisors. The County's approval is needed to set the districts' budget and to set assessment rates. The activity for the lighting districts is reported in the special revenue funds.

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Reporting Entity** (continued)

Blended Component Units (continued)

4. Stanislaus County Tobacco Funding Corporation ("Stanislaus Corporation"): The Stanislaus Corporation was established per Board resolution on November 7, 2000 as a separate legal entity pursuant to California Corporations Code. Three directors, two from the County and one independent, govern it. Its purpose is to acquire from the County all of the rights of the County future tobacco settlement payments and to borrow money secured by the County tobacco assets on behalf of the California County Tobacco Securitization Agency (see Note 16). The Corporation provides service solely to the County and is reported in the debt service funds.

B. **Implementation of Governmental Accounting Standards Board Statements**

GASB Statement No. 40

The County has elected this year to implement Government Accounting Standards Board (GASB) Statement No. 40, *Deposit and Risk Disclosures: an amendment of GASB statement No. 3* (see Note 5).

C. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

In the government-wide statements, eliminations have been made to minimize the double counting of certain internal activities. In the statement of net assets, all internal balances have been eliminated except those representing the net balance due between governmental and business type activities. This residual balance is reported as "internal balances." In the statement of activities, direct expenses such as services provided and used are not eliminated, but internal service fund activity has been eliminated.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Government-Wide Financial Statements (continued)

direct expenses, which are clearly identifiable with a specific function, and allocated administrative overhead. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category–*governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Non-operating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, health and sanitation, public assistance, education and recreation services.

- The *Tobacco Settlement Fund* was established to account for the proceeds from securitizing the County's share of tobacco settlement revenues. Currently the proceeds are restricted to use for capital expenditures. The intent is to preserve the initial amount and to distribute 80% of the annual investment earnings to the General Fund.

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

- The *Behavioral Health and Recovery Fund* was established to provide mental health services to the residents of the County under the provisions of Welfare and Institutions Codes 5600 and 5000. This includes residential/support treatment services, outpatient treatment services, and an array of education and prevention services. The primary source of revenues is from intergovernmental sources and charges for services.

- The *Community Services Agency Fund* was established for the administration of the three major public social program areas including financial assistance, social services, and employment services. Intergovernmental revenue is the primary source of financing for this fund.

- *Public Facility Fees* were established by the Board of Supervisors adoption of Resolution No. 89-1724 for the purpose of reducing the impact of a growing community on existing County resources. The fees are charged to new development based on the need for facilities to maintain the existing level of service. The fee benefits the following departments and programs: roads, detention, criminal justice, library, parks, public and mental health, emergency services, animal services and sheriff.

- The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities.

The County reports the following major enterprise funds:

- The *Fink Road Sanitary Landfill Fund* was established to account for the operation of Fink Road Sanitary Landfill, which provides a dumping site for the disposal of solid wastes. Revenues are derived from fees generated for the disposal of waste at the site.

- The *Geer Road Sanitary Landfill Fund* was established to account for the operation of Geer Road Sanitary Landfill, which provided a dumping site for the disposal of solid waste. The landfill is owned jointly with the City of Modesto.

- The *Health Clinics and Ancillary Services Fund* was established to account for health care operations in outpatient clinics throughout the County. Revenues are derived from fees for patient services, payments from federal and state programs such as Medicare and Medi-Cal, private insurance, and subsidies from the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance, communication, technology, and other services provided to departments or other governments. They also account for self-insurance programs – worker's compensation, long-term disability, employee benefits, and personal injury and property damage on a cost-reimbursement basis.

- The *Employees' Retirement Trust* accumulates contributions from the County, its employees and other participating employers, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the Stanislaus County Employees Retirement Association (StanCERA).

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment portfolio for the benefit of all participants. These entities include school and community college districts and other special districts governed by local boards, regional boards and authorities. The fund represents the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Woodward Intake Project Private-Purpose Trust Fund* accounts for the County's share of an agreement with South San Joaquin Irrigation District for the construction of an intake pipe at the reservoir so it may continue to be used as a county park.

- The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, or other governments.

D. **Basis of Accounting**

The government-wide, proprietary, pension and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales

Note 1: **Summary of Significant Accounting Policies** (continued)

D. **Basis of Accounting** (continued)

taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). The County considers revenues available if they are collected within 180 days after year-end, except for property taxes. Property taxes are considered available if they are collected within 60 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,* to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes generally accepted accounting principles for governmental units.

E. **Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental activities column in the government-wide statement of net assets.

F. **Budgetary Basis of Accounting**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized

Note 1: **Summary of Significant Accounting Policies** (continued)

F. **Budgetary Basis of Accounting** (continued)

expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for the General Fund and all special revenue funds except the Tobacco Settlement Fund. An operating balanced budget is adopted for the capital project funds for the life of the project, except for the Redevelopment Agency, which adopts an operating budget each fiscal year. Expenditures are controlled at the object level within budget units for the County. A budget unit may be (1) a single department, (2) a division of a large department having multiple divisions, or (3) an entire fund. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any transfers of appropriations between object levels within the same budget unit may be authorized by the County Executive Office. Budget amendments or supplementary appropriations normally financed by unanticipated revenues during the year or transfers of appropriations between budget units must be approved by the Board of Supervisors. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budgets for the governmental funds may include an object level known as "expenditure transfers". This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances and commitments are budgeted as expenditures.

The following schedule reconciles the amounts on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis to the amounts on the Statement of Revenues, Expenditures and Changes in Fund Balances:

		Special Revenue Funds	
	General Fund	Behavioral Health and Recovery	Community Services Agency
Total expenditures (budgetary basis)	$ 144,090,683	$ 60,056,752	$ 188,366,011
Basis difference - net addition of 2002/03 encumbrances and commitments minus 2003/04 encumbrances and commitments	1,165,618	103,567	13,491
Total expenditures (GAAP)	$ 145,256,301	$ 60,160,319	$ 188,379,502

Note 1: **Summary of Significant Accounting Policies** (continued)

G. **Cash and Cash Equivalents**

Cash and cash equivalents include cash in bank and investments held by the County Treasurer in a cash management pool. The amounts classified as "Cash with Fiscal Agent" represent loan proceeds held by the trustees for various borrowings (See Note 11) and securitized tobacco settlement proceeds invested outside the County Pool. "Cash with Fiscal Agent" is considered cash and cash equivalents for the purposes of reporting cash flows.

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

H. **Investments**

California Government Code Section 53600, et seq., authorizes the County to invest in obligations of the State or any local agency of the State of California, bankers' acceptances, commercial paper, negotiable certificates of deposits, repurchase agreements or reverse repurchase agreements, medium-term notes issued by corporations and the State of California Local Agency Investment Fund. The County may also invest in certain open-ended mutual funds permitted by the Government Code. All investments are carried at fair value until they are within 90 days of maturity at which time they are reported at amortized cost. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund's average daily deposit balance with all remaining interest deposited in the General Fund.

The Employees' Retirement Trust (StanCERA) funds are invested pursuant to policy guidelines established by the Retirement System's Board. The objective of the investment policy is to invest in a manner that provides the safeguards and diversity that a prudent investor would adhere to. The policy of StanCERA is to invest in the following asset classes: Large Cap US Stocks, Small Cap US Stocks, Non US Stocks and Fixed Income.

I. **Deferred Revenue**

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

Note 1: **Summary of Significant Accounting Policies** (continued)

J. **Inventory**

In governmental funds, inventories are valued at cost. In proprietary funds, they are valued at lower of cost or market. Cost is determined by using either the weighted average or the first-in, first-out method. The consumption method of accounting for inventory is used for the governmental funds and the proprietary funds. For the governmental funds, the reserve for inventory indicates that a portion of the fund balance is not an available financial resource (see Note 13).

K. **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

L. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain assets (infrastructure) consisting of improvements including roads, bridges, lighting systems, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year, with the exception of the Health Clinics and Ancillary Services Enterprise Fund. The Health Clinics and Ancillary Services Enterprise Fund defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of three years.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements, and the proprietary funds, with the exception of patrol cars owned by the Fleet Services division. In a policy change from last year, the units of production (miles) method is used for depreciation on patrol cars.

The estimated useful lives are as follows:

Infrastructure	20 to 60 years
Structures and improvements	15 to 60 years
Equipment	3 to 20 years
Patrol cars	100,000 miles

The County has seven networks of infrastructure assets – roads, bridges, lighting system, storm drains, signs, signals and beacons.

Note 1: **Summary of Significant Accounting Policies** (continued)

M. **Compensated Absences (Accrued Vacation, Sick Leave, and Compensatory Time)** (continued)

All regular employees of the County earn vacation and sick leave with pay every year. The amount of vacation and sick hours earned is based on the years of continuous service and the bargaining unit to which the employee belongs. All employee bargaining units have vacation accumulation limits. Also, regular employees are given credit for 8 hours sick leave each month of employment with limited accumulation.

After at least six months of County service, most regular employees upon separation are entitled to all unused vacation time accumulation. Most regular employees are entitled to a portion of accumulated sick leave after six years of service, depending on age, years of service, and bargaining unit.

At the close of each fiscal year, the balance of this accumulated time at the last pay period is computed for each employee at the current salary range. In the financial statements, these amounts are referred to as "compensated absences." An average of all termination payments since July 1986 is used to compute the amount that is expected to be liquidated in the next year with expendable available financial resources. This current portion and the balance of the long-term liability are reported in the government-wide and proprietary funds financial statements and are generally liquidated by the General Fund.

N. **Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/due from" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services or supplies provided can result, at year-end, in receivables and payables referred to as "due to/from other funds". These receivables and payables are eliminated in the governmental-wide consolidation with residual balances reported as "internal balances" when they are between funds of the County.

Note 1: **Summary of Significant Accounting Policies** (continued)

N. **Interfund Transactions** (continued)

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

O. **Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Restatement of Equity**

The beginning net assets of the governmental activities on the government-wide statement of activities has been restated to reflect phasing in the Library collection. The beginning net assets of the governmental activities on the government-wide statement of activities and the beginning fund balance for the governmental funds have been restated to reflect a change in accounting principle as required by Governmental Accounting Standards Board Technical Bulletin 2004-1. The Stanislaus County Tobacco Funding Corporation Fund has been added to the governmental funds and to the governmental activities. The related tobacco securitization debt has been added to the governmental activities.

The beginning net assets of the investment trust on the statement of fiduciary net assets has been restated to reflect the addition of funds that were previously classified as agency funds.

	Governmental Activities	Stan County Tobacco Funding Corp	Investment Trust
Net assets/fund balance June 30, 2003, as previously reported	$ 639,576,553	$ -	$367,779,771
Phase-in Library collection	17,030,221		
Change in accounting - Implementation of GASB TB 2004-1			
Addition of new debt service fund	7,886,046	7,886,046	
Addition of tobacco securitization note	(67,305,000)		
Reclassification of funds			56,494,534
Net assets/fund balance July 1, 2003 as restated	$ 597,187,820	$ 7,886,046	$424,274,305

Note 3: **Individual Fund Deficits**

Deficit Fund Balances – Government Funds

Capital Projects Fund - Redevelopment Agency	$ 347,527

The Redevelopment Agency deficit is due to expenditures for the Shackelford neighborhood infrastructure improvements. This deficit will be funded by redevelopment tax increment dollars in approximately 4 years.

Net Asset Deficits – Proprietary Funds

Enterprise fund - Geer Road Landfill	$ 4,637,763
Enterprise fund -Health Clinics & Ancillary Services	13,021,133
Internal Service fund - Workers' Compensation Insurance	9,989,191
Internal Service fund - Technology and Communications	1,247,943

The deficit in the Geer Road Landfill is due to the liability for closure/post closure maintenance. This accumulated deficit will be funded with receipts from Fink Road Landfill. The Health Clinics and Ancillary Services Fund deficit is due to the closure of the County hospital inpatient facilities in November 1997. The plan to recover this deficit focuses on transfers from other funds, one-time revenue sources, increased fees for service and dedicated revenue streams.

The internal service fund deficits are due to unexpected expenses in combination with user rates that were too low. These deficits will be funded by increased user charges.

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units**

For the year ended June 30, 2004, expenditures exceeded budget at the department and object level as follows:

General Fund:	Object	Excess Expenditures
Plant Acquisition	Other charges	$ 653,186
County Counsel	Salaries and benefits	1,006
Facility Maintenance	Services and supplies	10,746
Court Security	Other charges	717
Behavioral Health and Recovery Special Revenue Fund		
Health and sanitation managed care	Other charges	$ 31,395

Note 4: **Excess of Actual Expenditures Over Budget in Individual Budget Units** (continued)

The above disclosure is based on departmental appropriations as of June 30, 2004. If a department received unanticipated revenue during the fiscal year and did not increase estimated revenue and appropriations, then the positive effect on the departmental budget would not be reflected in the above.

Note 5: **Cash and Investments**

The County maintains a cash and investment pool - Stanislaus County Treasurer's Pool - for the purpose of increasing interest income through investment activities. This pool, which is available for use by all funds, is displayed on the statement of net assets/balance sheet as "cash and investments." The Stanislaus County Treasurer's Pool generally limits participation in the pool to those agencies and districts required to participate by legal provisions of the California State Government Code for those agencies and districts. Voluntary participation is limited to the Stanislaus County Employees Retirement System (StanCERA) and independent special districts, which represent approximately 3% of the pool. While StanCERA participates in the County Treasurer's Pool, the majority of their cash and investments are managed separately from the County Pool. The County has no legally binding guarantees to support the shares in the County Treasurer's Pool.

The share of each fund in the Stanislaus County Treasurer's Pool is separately accounted for and interest is apportioned quarterly based on the relationship of the fund's average daily cash balance to the total of the pooled cash and investments. In accordance with Government Code Section 53647, interest on all money deposited in the County Treasury belongs to the County unless otherwise directed by law or the County Board of Supervisors. The County has numerous funds in which the interest earned is deposited into the General Fund to comply with the above code section.

The Stanislaus County Treasurer's Pool is not SEC-registered, but is invested in accordance with California State Government Code section 53600 et. seq. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the Oversight Committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

In addition to the restrictions and guidelines of the Government Code, cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer and accepted by the Board of Supervisors. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield.

Note 5: **Cash and Investments** (continued)

Total County cash and investments are as follows:

Cash and Investments	
Imprest cash	$ 150,613
Cash in banks-department administered	5,880,915
In custody of Treasurer:	
Cash on hand	127,678
Cash in bank	12,586,349
Investments held by Treasurer	701,633,937
Less outstanding checks	(59,895,614)
Total in custody of Treasurer	654,452,350
Investments held by fiscal agents:	
Tobacco settlement	53,516,789
Tobacco funding corporation	5,843,085
TRAN	44,837,494
Bond requirements	53,325,851
Total investments held by agents	157,523,219
Employees' retirement trust:	
Cash (outside Treasurer's pool)	32,251,406
Investments	1,230,951,284
Total cash and investments	$ 2,081,209,787

Total County cash & investments are reported as follows:	
Primary government	
Cash and investments	$ 176,242,799
Cash with fiscal agent	157,375,529
Restricted cash & investments	18,372,183
Employees' Retirement Trust	
Cash and investments	32,963,414
Other investments	1,230,951,284
Investment Trust	
Cash and investments	454,603,705
Agency Funds	
Cash and investments	10,700,873
Total cash and investments	$ 2,081,209,787

Interest Rate Risk - This is the risk of loss due to the fair value of an investment falling due to rising interest rates.

- *Stanislaus County Treasurer's Pool.* The County's policy for interest rate risk allows investments to be sold prior to maturity at a loss if such sale will allow investment in a higher yield vehicle and any loss upon sale can be more than compensated by additional interest earning within a six month period. Of the County's $701.63 million portfolio, over 60% of the investments have a maturity of 6 months or less. No investment has maturity greater than 5 years.

Note 5: **Cash and Investments** (continued)

Interest Rate Risk (continued)

- *StanCERA's Investment Portfolio.* The average effective duration of all fixed income holdings, reflecting all instruments including CMO and Asset-Backed Securities, must be maintained at plus or minus 1.5 years of the Lehman Aggregate Bond Index duration. At year end the Lehman Aggregate Bond Index was yielding 4.6% with an effective duration of 4.8 years. StanCERA had a yield of 4.3% with an effective duration of 3.4 years.

Credit Risk - This is the risk of loss due to credit quality rating of investments in debt securities as described by nationally recognized rating agencies.

- *Stanislaus County Treasurer's Pool.* The County is permitted to hold investments of issuers with a short-term rating of "A-1" and a minimum long-term rating of "A" by two of the top nationally recognized statistical rating organizations (rating agencies). Additionally, the County is permitted to invest in U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit that are un-rated.

- *StanCERA's Investment Portfolio.* Under StanCERA policy, the fixed income portfolio must have an average quality rating of A or better in the aggregate as measured by at least one credit rating service. Investment grade quality is defined as BBB rated or higher at time of purchase. In cases where credit rating agencies assign different quality ratings to a security, the lower rating will be used. Should the rating of a fixed income security fall below investment grade, the manager may continue to hold the security if they believe the security will be upgraded in the future, there is a low risk of default, and buyers will continue to be available throughout the anticipated holding period. The manager has the responsibility of notifying the Board whenever an issue falls below investment grade. The notification should include the manager's assessment of the issue's credit rating and its ongoing role in the portfolio.

  The following table shows the quality of StanCERA's investments in fixed income securities on June 30, 2004.

Credit Rating	Active Management	Amount
AAA	67.91%	$ 259,257,273
A	5.55%	21,169,704
A-	2.09%	7,964,005
AA-	0.89%	3,383,490
BBB+	8.09%	30,891,920
BBB	8.38%	31,982,251
BBB-	4.73%	18,074,548
BB+	1.20%	4,570,900
BB	1.17%	4,477,500
	100.00%	$ 381,771,591

Note 5: **Cash and Investments** (continued)

Custodial Risk - This is the risk of loss due to uninsured or uncollateralized deposits.

- *Stanislaus County Treasurer's Pool.* All negotiable instruments are held by the County's custodian or a third party in the County's name. The County did not participate in securities lending.

- *StanCERA's Investment Portfolio.* State statutes and Board of Retirement Investment Policy permit StanCERA to participate in a securities lending program. Securities lending transactions, which are short-term collateralized loans of StanCERA securities to broker-dealers and other entities that allow StanCERA to invest and receive collateral for a loan rebate fee. Either StanCERA or the borrower can terminate all securities loans on demand, although the average term of the loans is one week. There are no restrictions on the amount of securities that may be lent.

  StanCERA's custodial bank administers its securities lending program. The custodian is responsible for maintaining an adequate level of collateral in and amount equal to 102% of the market value of loaned securities. Collateral received may include cash, letters of credit, or securities. If securities collateral is received, StanCERA cannot pledge or sell securities collateral unless the borrower defaults.

  At year-end, StanCERA had no credit risk exposure to borrowers because the amounts StanCERA owed to borrowers exceeded the amounts the borrowers owed to StanCERA. StanCERA's contract with the custodian requires it to indemnify StanCERA if the borrower fails to return the securities and the collateral is inadequate to replace the securities lent or fail to pay StanCERA for income distributions by securities issuers while securities are on loan.

  As of June 30,2004, StanCERA had securities on loan with a carrying value of $143,738,459 and cash collateral of $146,657,871. The accrued market value of loaned securities was $146,873,970. The difference between the carrying value and the cash collateral is referred to as the securities lending collateral margin.

  The securities loaned were U.S. Government securities. There have been no losses as a result of default.

Note 5: **Cash and Investments** (continued)

Concentration of Credit Risk - This is the risk of loss due to a large concentration of investments in any one issuer. Investments issued or explicitly guaranteed by the U.S. Government and investments in the mutual funds, external investment pools and other pooled investments are not considered at risk.

- *Stanislaus County Treasurer's Pool.* Over 53% of the County's investments, including collateral on repurchase agreements, were in the U.S. Government or Government Sponsored Enterprises (Agencies). There is no limitation on amounts invested in these types of issues. Of the 46% of the portfolio invested in other types of investments, no investment in a single issuer exceeds 5%.

- *StanCERA's Investment Portfolio.* StanCERA's policy requires that not more than 5% of the total StanCERA stock portfolio, valued at market, may be held in the common stock of any one corporation. Not more than 5% of the outstanding shares of shares of any one company may be held. Individual investment managers are to hold no more than 8% of the market value of the manager's entire stock portfolio in any one company's stock. Not more than 25% of the stock valued at market may be held in any one industry category, as defined by the Retirement Association's consultant, without special permission from the Board.

  With the exception of securities issued by the U.S. Government and its agencies, no single fixed income issue will represent more than 5% of the total portfolio as measured by market value at time of purchase. Holdings of any individual issue must be 5% or less of the value of the total issue.

  At June 30, 2004, StanCERA had the following investments:

Fixed Income Securities		
US Treasuries	$	89,865,000
Single Family Mortgage Backed Securities		126,619,226
Collateralized Mortgage Backed Securities		29,169,416
Federal Agency		10,600,984
Corporate Bonds		125,516,965
	$	381,771,591
Equities		
Domestic		480,149,650
International		163,111,177
Real Estate		2,477,403
Mutual Funds		56,783,592
Collateral on loaned securities		146,657,871
Total Investments	$	1,230,951,284

Note 5: **Cash and Investments** (continued)

The following schedule indicates the credit and interest rate risk at June 30, 2004. The credit ratings listed are for the lower of Standard and Poor's or Moody's Investor Services. Certain investments such as U.S. Treasuries, Government Sponsored Enterprises (Agencies), the State's Local Agency Investment Fund and collateralized certificates of deposit are un-rated.

STANISLAUS COUNTY INVESTMENTS
MATURITY DISTRIBUTION - MARKET VALUE (000's)
6/30/04

		Maturity									
	Credit Rating	< 30 Days	31 - 60 Days	61 - 90 Days	91 - 180 Days	181 - 360 Days	1 - 2 Years	2 - 3 Years	3 - 4 Years	4 - 5 Years	Total
Certificate of Deposit	N/A	1,500		8,100	10,200	7,500	2,000				$ 29,300
Negotiable Certificate of Deposit	A-1/P-1	5,000		5,000	5,000	10,022					25,022
Commercial Paper	A-1/P-1	24,986	24,966	4,985							54,937
Bankers Acceptance	A-1/P-1	4,999			9,929						14,928
Local Agency Investment Fund	Unrated	29,952									29,952
Money Market Fund	Unrated	58,240									58,240
Farmer Mac Note	Unrated					2,038					2,038
FNMA Note	AAA						1,969	1,953	1,900		5,822
FFCB Note	AAA						13,922		1,963	1,932	17,817
FHLB Note	AAA				2,016	17,230	7,613	8,884	1,995		37,738
FHLMC Note	AAA		2,008				4,061	5,010			11,079
FNMA Discount Note	A-1			9,971	4,971	24,702					39,644
FHLMC Discount Note	A-1		4,993		4,972	19,679					29,644
FHLMC Discount Note (Repo)	A-1	99,181									99,181
Treasury Note	N/A			5,008	60,105	14,995	20,399				100,507
Treasury Bill	N/A	4,995	4,994	9,973	9,931						29,893
Corporate Note	A	2,002	2,008				15,863	17,398	16,308	31,128	84,707
Corporate Note	AA	7,009	2,010	5,053		2,029	2,342	4,933	1,971	3,838	29,185
Corporate Note	AAA						2,000				2,000
Total Treasury Pool Investments		237,864	40,979	48,090	107,124	98,195	70,169	38,178	24,137	36,898	$ 701,634

Local Agency Investment Fund	Unrated	24,224									$ 24,224
FHLMC Discount Note	AAA				9,959						9,959
FHLB Note	AAA				4,995						4,995
Corporate Note	AA				5,659						5,659
Total Treasury TRAN Investments		24,224	0	0	20,613	0	0	0	0	0	$ 44,837

		Maturity									
	Credit Rating	< 30 Days	31 - 360 Days	1 - 3 Years	3 - 5 Years	5 - 10 Years	10 - 15 Years	15 - 20 Years	20 - 25 Years	25 - 30 Years	Total
Money Market Funds	Unrated	3,495									$ 3,495
Mutual Funds	Unrated	3,178									3,178
Municipal Bonds - Insured	AAA					1,159	7,376	16,588	11,023	10,698	46,844
Total Tobacco Settlement Investments		6,673	0	0	0	1,159	7,376	16,588	11,023	10,698	$ 53,517

Money Mkt/Mutual Funds	Unrated	12,110									$ 12,110
Repurchase Agreement	AAA						1,056				1,056
Investment Agreements	AAA			27,902	5,665	1,655	1,792		3,146		40,160
Total Bond Requirements		12,110	0	27,902	5,665	1,655	2,848	0	3,146	0	$ 53,326

Money Market Funds	Unrated	998									$ 998
FHLMC Note	A-1/F-1		4,845								4,845
Total Tobacco Funding Corp Investments		998	4,845	0	0	0	0	0	0	0	$ 5,843

Note 5: **Cash and Investments** (continued)

In accordance with GASB No. 31, investments are reported on the statement of net assets/balance sheet at their fair value and all changes in fair value are reflected in income of the period in which they occur. Fair values were obtained from our custodial statement for all investments having greater than 90 days to maturity in the following categories:

Bankers Acceptances
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Corporate Bonds and Notes

Amortized cost was used for all investments having 90 days or less to maturity, which may include the following categories:

Commercial Paper
Bankers Acceptances
State of California Local Agency Investment Fund
U.S. Agency and GSE Bonds and Notes
U.S. Treasury Bonds, Notes and Bills
Repurchase Agreements
Corporate Bonds and Notes
Money Market Funds

Book cost was used for collateralized Certificates of Deposit purchased from state and nationally chartered banks.

The County did not invest in any types of investments during this fiscal year, other than those owned as of June 30, 2004.

The Stanislaus County Treasurer's Pool maintains some investment in the State of California Local Agency Investment Fund (L.A.I.F.). This fund is not SEC-registered, but is required to invest according to California State Code. The total amount invested by all public agencies in L.A.I.F. is $5.7 billion. Of this amount, 98% was invested in non-derivative instruments with 2% invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for L.A.I.F. The Board consists of five members as designated by state statute. The value of the pool shares in L.A.I.F., which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the pooled treasury's portion in the pool. Withdrawals from L.A.I.F. are done on a dollar to dollar basis.

In accordance with GASB 31, investments are marked to fair values annually and an adjustment is made to each fund accordingly. However, actual daily activity is done on a dollar to dollar basis and only a withdrawal from the pool of a size that jeopardizes pool participants would cause the withdrawal to be done at market value.

Note 5: **Cash and Investments** (continued)

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool at June 30, 2004:

Statement of Net Assets	
Net assets held for pool participants	$ 654,452,350
Equity of external pool participants	$ 468,240,433
Equity of internal pool participants	186,211,917
Total Equity	$ 654,452,350

Statement of Changes in Net Assets	
Net assets at July 1, 2003, restated	$ 600,026,794
Net investment income	12,138,442
Net contributions and withdrawals	42,287,114
Net assets at June 30, 2004	$ 654,452,350

Stanislaus County Treasurer's Pool
Summary of Investments
6/30/04

	Carrying Value	Original Cost	Coupon Range		Maturity Range	
Certificates of Deposit	$ 29,300,000	$ 29,300,000	0.9%	2.3%	07/03/04	06/28/05
Negotiable Certificate of Deposit	24,980,100	25,020,707	1.0%	1.6%	07/23/04	03/24/05
Commercial Paper	54,941,466	54,898,142	0.0%	0.0%	07/14/04	09/13/04
Bankers Acceptance	14,927,935	14,920,362	0.0%	0.0%	07/06/04	12/03/04
Local Agency Investment Fund	30,000,000	30,000,000	1.6%	1.6%	07/01/04	07/01/04
Money Market Fund	58,239,765	58,239,765	0.9%	0.9%	07/01/04	07/01/04
Agency Note	74,449,900	75,325,624	1.1%	7.3%	08/15/04	02/26/09
Agency Discount Note	69,295,833	69,161,713	0.0%	0.0%	08/12/04	05/31/05
Treasury Note	100,504,355	101,028,597	1.6%	2.8%	08/31/04	06/30/06
Treasury Bill	29,893,889	29,830,314	0.0%	0.0%	07/29/04	12/16/04
Repurchase Agreement	99,376,574	99,376,574	1.3%	1.3%	07/01/04	07/01/04
Corporate Note	115,724,120	118,565,883	2.7%	7.6%	07/15/04	04/01/09
	$ 701,633,937	$705,667,681				

Note 6: Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2004 are as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Amount	
General Fund	Other Governmental Funds	$ 710,360	To cover deficit cash balance
General Fund	Other Enterprise Funds	2,911,540	To cover deficit cash balance
General Fund	Internal Service Funds	1,527,204	To cover deficit cash balance
		5,149,104	Sub total
Community Services Agency	General Fund	34,932	State realignment
Other Governmental Funds	General Fund	290,011	State realignment
Health Clinics and Ancillary Services	General Fund	6,120	State realignment
Other Governmental Funds	Other Governmental Funds	308,351	For services provided
Health Clinics and Ancillary Services	Other Governmental Funds	1,276,645	For services provided
Other Enterprise Funds	Other Governmental Funds	752,260	For services provided
		2,668,319	Sub total
		$ 7,817,423	Total

The General Fund owes the other funds for State realignment. The other governmental funds owe the General Fund to cover their deficit cash balances and owe Health Clinics and Ancillary Services and other funds for services provided. The other enterprise funds and the internal service funds owe the General Fund to cover their deficit cash balances.

Advances To/From

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	$ 500,900
Other Governmental Funds	Other Governmental Funds	1,690,422
Other Governmental Funds	Health Clinics and Ancillary Services	3,236,112
		$ 5,427,434

The above interfund advances are loans that are not expected to be repaid in the short-term. The Health Clinics and Ancillary Services Fund borrowed to cover their cash deficit. Within the other governmental funds, the Public Works Road Division loaned the Redevelopment Agency $1.7 million for improvements to the Shackelford area.

Interfund Note payable/receivable

Receivable Fund	Payable Fund	Amount
Investment Trust Fund	Health Clinics and Ancillary Services	$ 19,820,982

The Health Clinics and Ancillary Services Fund has borrowed long-term from the Investment Trust Fund. The note is expected to be repaid with interest by 2017. The interest will be credited each fiscal year end based on the Treasurer's pool rate. Annual transfers from the County's General Fund to the Health Services Agency will be the source to retire the note.

Note 6: **Interfund Transactions** (continued)

Transfers

Transfer from	Transfer to	Amount	Purpose
General Fund	Community Services Agency	$ 7,504,004	County contribution
	Capital Projects	245,000	County contribution
	Other Governmental Funds	37,781,785	County contribution and POB debt service
	Health Clinics and Ancillary Services	2,367,253	County contribution
	Internal Serivce Funds	189,845	County contribution
		48,087,887	
Tobacco Settlement	General Fund	1,220,453	Interest
		1,220,453	
Community Services Agency	Other Governmental Funds	1,333,935	To pay POB debt service
		1,333,935	
Public Facility Fees	General Fund	1,332,443	Capital assets purchases
	Capital Projects	894,775	Capital assets purchases
	Other Governmental Funds	4,208,783	Capital assets purchases
		6,436,001	
Capital Projects	General Fund	1,128,444	Closed capital project funds
	Other Governmental Funds	147,999	Various contributions to programs
		1,276,443	
Other Governmental Funds	General Fund	588,380	Various contributions to programs
	Community Services Agency	263,836	Various contributions to programs
	Capital Projects	243,794	Various contributions to programs
	Other Governmental Funds	4,238,580	Contributions to programs and POB debt service
	Health Clinics and Ancillary Services	12,590,850	Various contributions to programs
	Other Enterprise Funds	397,460	Various contributions to programs
		18,322,900	
Fink Landfill	Geer Landfill	450,000	Landfill closure/post-closure
	Other Governmental Funds	27,663	To pay POB debt service
		477,663	
Health Clinics and Ancillary Services	Other Governmental Funds	5,773,677	Reimburse admin. costs and POB debt service
		5,773,677	
Other Enterprise Funds	Other Governmental Funds	1,350,694	Reimburse admin. costs and POB debt service
		1,350,694	
Internal Service Funds	General Fund	28,767	Reimbursement of aviation insuarance
	Community Services Agency	11,307	Insurance reimbursment
	Capital Projcets	137,093	Insurance reimbursment
	Other Governmental Funds	140,765	Insurance reimbursment and POB debt service
	Internal Service Funds	92,352	Insurance reimbursment for Fleet vehicle
		410,284	
		$ 84,689,937	

Note 7: Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Restated Balance July 1, 2003	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2004
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 26,061,920	$ 787,906	$ -	$ -	$ 26,849,826
Construction in progress	-	6,248,563	-	3,967,310	10,215,873
Total capital assets, not being depreciated	26,061,920	7,036,469	-	3,967,310	37,065,699
Capital assets, being depreciated:					
Infrastructure	979,511,231	2,640,378	(417,437)	-	981,734,172
Structures and improvements	155,882,124	1,138,276	(70,675)	(4,040,411)	152,909,314
Equipment	61,928,168	4,587,552	(2,582,161)	(130,989)	63,802,570
Total capital assets, being depreciated	1,197,321,523	8,366,206	(3,070,273)	(4,171,400)	1,198,446,056
Less accumulated depreciation for:					
Infrastructure	(564,523,267)	(24,289,377)	-	-	(588,812,644)
Structures and improvements	(34,807,584)	(4,325,217)	12,957	31,723	(39,088,121)
Equipment	(30,127,423)	(5,304,590)	2,085,629	31,959	(33,314,425)
Total accumulated depreciation	(629,458,274)	(33,919,184)	2,098,586	63,683	(661,215,190)
Total capital assets, being depreciated, net	567,863,249	(25,552,978)	(971,688)	(4,107,718)	537,230,866
Government activities capital assets, net	$ 593,925,169	$ (18,516,509)	$ (971,688)	$ (140,408)	$ 574,296,565
Business-type Activities					
Capital assets, not being depreciated:					
Land	$ 14,399,808	$ 1,900,000	$ -	$ 6,261	$ 16,306,069
Total capital assets, not being depreciated	14,399,808	1,900,000	-	6,261	16,306,069
Capital assets, being depreciated:					
Structures and improvements	19,472,504	70,886	(196,257)		19,347,133
Equipment	12,998,313	395,706	(4,425,169)	95,746	9,064,596
Total capital assets, being depreciated	32,470,817	466,592	(4,621,426)	95,746	28,411,729
Less accumulated depreciation for:					
Structures and improvements	(11,736,551)	(362,714)	181,656	(5,030)	(11,922,639)
Equipment	(10,373,039)	(809,634)	4,463,681	(51,566)	(6,770,558)
Total accumulated depreciation	(22,109,590)	(1,172,348)	4,645,337	(56,596)	(18,693,197)
Total capital assets, being depreciated, net	10,361,227	(705,756)	23,911	39,150	9,718,532
Business-type activities capital assets, net	$ 24,761,035	$ 1,194,244	$ 23,911	$ 45,411	$ 26,024,601

Note 7: **Capital Assets** (continued)

The July 1, 2003 balance for governmental activities capital assets has been restated to reflect the addition of the Library collection and the removal of the joint ventures capital assets.

Governmental activities net capital assets, July 1, 2003	$ 594,875,200
Add Library collection	17,030,221
Remove joint ventures assets	(17,980,252)
Governmental activities net capital assets, July 1, 2003, restated	$ 593,925,169

Depreciation expense was charged to governmental functions as follows:

Depreciation expense:	Equipment	Structures	Infrastructure	Total
General government	$ 179,441	$ 898,816	$ -	$ 1,078,257
Public protection	1,114,489	2,220,879	-	3,335,368
Public ways	18,391	46,336	24,289,377	24,354,104
Health and sanitation	430,821	117,739	-	548,560
Public assistance	575,016	649,928	-	1,224,944
Education	1,649,980	137,585	-	1,787,565
Recreation	175,167	229,164	-	404,331
Internal service funds	1,161,285	24,770	-	1,186,055
Total	$ 5,304,590	$ 4,325,217	$ 24,289,377	$ 33,919,184

Depreciation expense was charged to the business-type functions as follows:

	Equipment	Structures	Total
Transit	$ 36,812	$ -	$ 36,812
Fink Road Landfill	32,273	2,383	34,656
Geer Road Landfill	712	-	712
Behavioral Health Center	29,936	183,515	213,451
Health Clinics and Ancillary Services	697,935	170,833	868,768
Inmate Welfare/Commissary	11,966	5,983	17,949
	$ 809,634	$ 362,714	$ 1,172,348

Note 8: **Receivables**

Accounts receivable, net of allowance for uncollectibles, includes receivables from federal, state, and local governments in the net amount of $33,334,808. Patient accounts receivable at Health Clinics and Ancillary Services of $25,188,589 net of an allowance for uncollectibles of $15,010,216, leaves a net receivable of $10,178,373. Substantially all other receivables are deemed collectible.

Note 8: **Receivables** (continued)

At June 30, 2004, deferred revenue and unearned revenue were reported as follows:

Governmental Activities:	Unavailable	Unearned
General fund:		
Property taxes receivable	$124,997	
Accounts receivable	715,670	
Grant drawdowns prior to meeting all eligibility requirements		$ 1,349,131
Tobacco Settlement		
Accounts receivable	54,457	
Community Services Agency:		
Grant drawdowns prior to meeting all eligibility requirements		3,082,835
Nonmajor funds:		
Grant drawdowns prior to meeting all eligibility requirements		1,351,990
	$895,124	$ 5,783,956

Note 9: **Property Taxes**

The County's property taxes are levied July 1 (Unsecured Roll) and October 1 (Secured Roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County. Local assessed values are determined, subject to appeal before the Assessment Appeals Board, by the County Assessor's Office. Locally assessed real property is appraised at the base year value and is adjusted each year after 1975 by the change in the California Consumer Price Index (CPI) not to exceed an increase of 2%. Property is re-appraised from the 1975/76 base year value to current full value upon either (1) a change in ownership, or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is re-appraised). Thereafter, it continues to be increased annually by the change in the CPI not to exceed 2%. The total gross assessed value for the 2003/2004 fiscal year is $26,891,808,819.

The County is permitted by Section 93, of the California Revenue and Taxation Code, to levy taxes up to $1.00 per $100 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation bonds or other indebtedness approved by a two-thirds vote of its voters after June 4, 1986. Taxes are allotted to local agencies and school districts as outlined in Sections 95 through 100 of the California Revenue and Taxation Code.

Taxes are due in one installment (Unsecured Roll) on billing and are subject to late payment penalties if paid after August 31, or two installments (Secured Roll) due on November 1 and February 1, and again subject to the late payment penalties if paid after December 10 and April 10, respectively.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code (otherwise known as the "Teeter Plan"). Under this method, the accounts of all political subdivisions that levy taxes on the County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for all the delinquent penalties and redemptions flow to the County's General Fund. In addition, Section 4703.2 of the California Revenue and Taxation Code requires that a property tax loss reserve be

Note 9: **Property Taxes** (continued)

maintained at not less than 25% of the total delinquent secured taxes as calculated at the end of the fiscal year.

Taxes receivable in the General Fund includes $11 million long term property tax receivable resulting from the Teeter method of distribution. This long term receivable as well as another $6.2 million expected to be collected next fiscal year have already been credited to other governments. These property tax receivables will be collected from the taxpayers.

Unsecured taxes are accrued in the period when they are levied and are recognized when they become available. "Available" means, due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. This period was 60 days from the end of the fiscal year. Property taxes receivable that do not meet the "available" criteria are recorded as deferred revenue.

Note 10: **Leases**

Operating Leases

The County is committed under various operating leases for building and office space and business and data processing equipment. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the County's government-wide financial statements.

Aggregate rental expense for all operating leases approximated $3,953,297 for all fund types for the year ended June 30, 2004. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2004.

Year Ending June 30,		
2005	$	3,924,373
2006		3,069,822
2007		2,275,868
2008		2,025,395
2009		1,213,954
2010-2014		1,986,352
Total Minimum Lease Payments	$	14,495,764

The Stanislaus Waste Energy Company (SWEC) has a lease agreement with the County to lease the 16 acre site on which the waste energy facility was built. The lease term is 35 years and contains a 15-year option to renew at the lessee's (SWEC) option. The County purchased the land in 1974 for $6,161.

Note 10: **Leases** (continued)

Operating Leases (continued)

The following is a schedule of future lease revenue on this noncancelable lease at June 30, 2004:

Year Ending June 30,	
2005	$ 198,000
2006	198,000
2007	198,000
2008	198,000
2009	198,000
2010-2014	990,000
2015-2019	990,000
2020-2021	396,000
Total minimum lease revenue	$ 3,366,000

Capital Leases

The County has entered into certain capital lease agreements under which the related buildings and equipment will become property of the County when all terms of the lease agreements are met:

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2004
Governmental activities:		
Equipment	0.00-7.24%	$ 587,941
		587,941
Business-type activities:		
Equipment	7.24%	5,911
Medical equipment	3.00-6.94%	681,960
		687,871
Total capital lease obligations		$ 1,275,812

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004 were as follows:

Year Ending June 30,	Total Governmental Activities	Health Clinics & Ancillary Services	Non-major Enterprise Fund	Total Business-type Activities
2005	$ 391,820	$ 328,496	$ 6,145	$ 334,641
2006	150,604	177,039		177,039
2007	67,313	177,039		177,039
2008	11,590	41,560		41,560
Total Mimimum Lease Payments	621,327	724,134	6,145	730,279
Less: Amounts Representing Interest	(33,386)	(42,174)	(234)	(42,408)
Present Value of Mimimum Lease Payments	587,941	681,960	5,911	687,871
Less: Current Portion of Capital Leases	(368,233)	(305,897)	(5,911)	(311,808)
Long-term Capital Lease Obligation	$ 219,708	$ 376,063	$ -	$ 376,063

Note 10: **Leases** (continued)

Capital Leases (continued)

Equipment acquired through capital leases is as follows:

	Governmental Activities	Business-type Activities
Equipment	$ 2,167,320	$ 1,996,883
Less: accumulated depreciation	(694,178)	(1,160,047)
Net value	$ 1,473,142	$ 836,836

Note 11: **Long-Term Debt**

A. **Summary of Long-Term Debt**

The following is a summary of long-term liability transactions for the year ended June 30, 2004:

	Balance June 30, 2003	Additions	Deletions	Balance June 30, 2004	Amounts Due Within One Year
Governmental Activities:					
Risk management liability	$ 20,618,469	$ 12,533,521	$ (11,734,845)	$ 21,417,145	$ 8,853,085
Certificates of participation	89,645,344	42,795,000	(5,430,536)	127,009,808	5,690,952
Plus issuance premium		88,114	(1,049)	87,065	4,196
Bonds payable	91,605,000	4,525,000	(9,920,000)	86,210,000	5,840,000
Tobacco securitization note	67,305,000		(1,290,000)	66,015,000	1,210,000
Capital lease payable	1,054,311	29,651	(496,021)	587,941	368,233
Compensated absences	22,942,216	12,163,046	(11,379,722)	23,725,540	467,850
Total Governmental Activities	$ 293,170,340	$ 72,134,332	$ (40,252,173)	$ 325,052,499	$ 22,434,316
Business-Type Activities:					
Risk management liability	$ 659,000	$ 27,000		$ 686,000	$ 645,645
Certificates of participation	1,454,656		(134,464)	1,320,192	139,048
Compensated absences	1,786,109	1,496,291	(1,222,642)	2,059,758	88,080
Capital lease payable	1,030,260	71,775	(414,164)	687,871	311,808
Total Business-Type Activities	$ 4,930,025	$ 1,595,066	$ (1,771,270)	$ 4,753,821	$ 1,184,581

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end $467,850 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, risk management liability and compensated absences are generally liquidated by the General Fund.

Note 11: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2004, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities			
	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2005	$ 5,840,000	$ 5,825,181	$ 5,695,148	$ 5,618,469
2006	6,275,000	5,392,920	5,957,508	5,490,856
2007	6,745,000	4,928,977	7,881,396	5,180,902
2008	7,240,000	4,430,608	8,198,756	4,846,400
2009	7,780,000	3,895,813	7,106,116	4,491,376
2010-2014	48,405,000	9,954,561	37,612,844	17,509,328
2015-2019	410,000	792,355	36,135,980	8,323,442
2020-2024	505,000	695,291	12,660,980	2,660,570
2025-2029	625,000	575,879	5,848,145	258,453
2030-2034	765,000	428,387		
2034-2038	945,000	247,013		
2039-2042	675,000	43,817		
Totals	$ 86,210,000	$ 37,210,802	$ 127,096,873	$ 54,379,796

Year Ending June 30	Tobacco Securitization Note	
	Principal	Interest
2005	$ 1,210,000	$ 3,911,482
2006	1,375,000	3,820,450
2007	1,550,000	3,717,138
2008	2,120,000	3,593,482
2009	2,350,000	3,372,794
2010-2014	16,035,000	15,377,524
2015-2019	25,160,000	9,422,617
2020-2022	16,215,000	1,975,322
Totals	$ 66,015,000	$ 45,190,809

The above Tobacco Securitization Note amortization schedule assumes that the turbo payments will be made. If the projected tobacco sales do not occur, then the amortization schedule will change to reflect less principal being paid each year, maturing in 2043.

Note 11: **Long-Term Debt** (continued)

A. **Summary of Long-Term Debt** (continued)

As of June 30, 2004, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Business-Type Activities Certificates of Participation Principal	Interest
2005	$ 139,048	$ 62,837
2006	146,688	56,719
2007	152,800	50,118
2008	160,440	43,090
2009	168,080	35,549
2009-2013	553,136	56,055
Totals	$ 1,320,192	$ 304,368

B. **Long Term Obligations**

A summary of certificates of participation at year-end follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2004
Governmental activities:					
1992 Series B	4.00-6.00	9/15/92	12/1/05	$ 10,155,000	$ 580,000
1995 Refunding	4.00-5.00	6/22/95	5/1/08	13,755,000	5,105,000
1996 Refunidng	3.90-5.25	1/1/96	5/1/18	55,920,000	41,910,000
1997 Series A	5.10-5.90	4/1/97	5/1/17	12,035,000	9,405,000
1997 Series B Refunding	3.75-5.00	12/16/97	6/1/12	9,105,056	8,379,808
1998 Series A	3.75-4.75	3/1/98	9/1/18	22,160,000	18,835,000
2004 Series A	1.63-4.38	3/26/04	9/1/25	15,371,663	15,371,286
2004 Series B	1.63-4.38	3/26/04	9/1/25	27,511,451	27,510,779
Total Governmental activities				$ 166,013,170	$ 127,096,873
Business-type activities:					
1997 Series B Refunding	3.75-5.00	12/16/97	6/1/12	$ 1,524,944	$ 1,320,192
Total business-type activities				1,524,944	1,320,192
Total				$ 167,538,114	$ 128,417,065

Note 11: **Long-Term Debt** (continued)

B. **Long Term Obligations** (continued)

A summary of bonds payable follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2004
1995 Pension Obligation Bonds	7.15	9/25/95	8/15/13	$108,970,000	$81,685,000
2003 RDA Tax Allocation Bonds	4.25	8/21/03	8/1/41	4,525,000	4,525,000
Total				$113,495,000	$86,210,000

A summary of the Tobacco Securitization note follows:

	Interest Rate %	Date of Issue	Maturity	Amount of Original Issue	Outstanding as of June 30, 2004
Tobacco Securitization Note	5.5-7.5	3/21/02	6/1/43	$ 67,305,000	$66,015,000

Purpose for County Borrowings

1992 Series B	Construct support services building for County jail facility
1995 Refunding	Refund portion of 1989 COP
1996 Refunding	Refund remaining portion of 1989 COP
1997 Series A	Construct agricultural center and police officier training facility
1997 Series B Refunding	Refund a portion of 1992 series A and B COPs
1998 Series A	Construct a portion of government building with the City of Modesto
2004 Series A	Construction of Gallo Center for the Arts
2004 Series B	Construction of 12th Street Office building and parking garage
1995 Pension Obligation Bonds	Pay Stanislaus County Employees' Retirement Association for unfunded actuarial accrued liability
2003 RDA Tax Allocation Bonds	To pay Stanislaus County Redevelopment Agency 2001 Loan Anticipation Notes
Tobacco Securitization Note	To purchase future Tobacco Settlement revenue

Note 12: **Solid Waste Landfill Closure and Postclosure Care Costs**

There are two solid waste landfill sites in the County. The Fink Road Sanitary Landfill is owned by the County and is currently operating. The Geer Road Sanitary Landfill is on land jointly owned by the City of Modesto and the County of Stanislaus. This landfill has reached capacity and was closed in June 1990. The County of Stanislaus, by and through its Board of Supervisors, administered the closure operations of the Geer Road Landfill. Both landfills are reported in their entirety as enterprise funds.

State and federal laws require the County to close a landfill once its capacity has been reached and to monitor and maintain the site for thirty subsequent years. The County recognizes a portion of the closure and postclosure care costs in each operating period even though actual payouts will not occur until a landfill is closed. The amount recognized each year to date is based on the landfill capacity used as of the financial statement date.

Note 12: **Solid Waste Landfill Closure and Postclosure Care Costs** (continued)

	Fink Road	Geer Road	Total
Estimated total liability for closure/ postclosure at June 30, 2004	$ 18,754,261	$ 11,597,935	$ 30,352,196
Liability recognized as of June 30, 2004	$ 5,881,980	$ 11,597,935	$ 17,479,915
Landfill capacity used to date	31.36%	100%	--
Estimated remaining useful life	29 years	--	--

The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, technology, revision of laws and other variables. State and federal laws require the County to establish a closure fund to accumulate assets needed for the actual payout of closure and postclosure care costs. Of the restricted cash and investments in the proprietary funds, the following amounts are held for this purpose:

Fink Road Landfill	$ 11,995,627
Geer Road Landfill	$ 4,854,745

Note 13: **Net Assets/Fund Balances**

Net Assets

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

Note 13: **Net Assets/Fund Balances** (continued)

Net Assets (continued)

As of June 30, 2004, the County had the following restrictions to net assets:

	Governmental Activities	Business-type Activities
Restricted for:		
Capital projects	$ 63,082,443	-
Debt service	-	$ 147,690
Landfill closure/post-closure	-	16,911,107
Children & families commission	23,523,822	-
Road construction	2,987,730	-
Tax loss reserve	1,374,121	-
Child support service	2,408,864	-
Public assistance	632,736	-
Public health	1,948,028	-
Environmental resources	992,900	-
Lighting & storm drain districts/County service areas	1,755,152	-
Clerk-recorder - capital assets	3,450,529	-
Library	4,475,511	-
Probation CPA	2,017,105	-
Other	3,014,140	-
	$ 111,663,081	$ 17,058,797

Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board or management and can be increased, reduced or eliminated by similar actions.

The term "reserved" is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County's management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

As of June 30, 2004, the County has reserved or designated fund balances as follows:

Reserved for Encumbrances: This represents that portion of fund balance reserved for encumbrances existing at year end which will result in subsequent year expenditures.

Note 13: **Net Assets/Fund Balances** (continued)

Fund Balances (continued)

Reserved – Advances to other funds: This represents the portion of fund balance reserved for loans to other funds that are not expected to be repaid in the short-term.

Reserved - Long term receivables: This represents the portion of fund balance related to delinquent property taxes due from the taxpayers not expected to be collected in the short term.

Reserved – Loans to other governments: This represents the portion of fund balance reserved for loans to other governments that are not expected to be repaid in the short-term.

Reserved – Other: This represents that portion of fund balance unavailable for appropriation for the following reasons:

	General Fund	Behavioral Health & Recovery	Community Services Agency	Nonmajor Governmental Funds
Deposits with others	$ 10,000	$ -	$ -	$ -
Inventory				371,877
Imprest cash	85,510	2,626	27,150	5,797
Prepaid items		45,393		70,244
General reserve	1,800,000			
Tax loss reserve	1,374,121			
Total	$ 3,269,631	$ 48,019	$ 27,150	$ 447,918

Reserved for Capital projects: This represents the portion of fund balance held by trustees for major capital projects.

Reserved for Debt Service: This represents that portion of borrowings which are held in reserve accounts by trustees and that portion of borrowings held in interest reserve accounts for interest payments.

Designated for Debt Service: This represents that portion of available fund balance segregated to meet future principal and interest payments on debt.

Designated for Contingencies: This represents that portion of available fund balances set aside for emergency and unforeseen expenditures.

Note 14: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County has a risk management program with respect to workers' compensation, general and professional liability, unemployment, vision and dental care. Under its existing workers' compensation insurance plan, the County is responsible for $500,000 per occurrence, with a commercial insurance company providing certain liability cover-

Note 14: **Risk Management** (continued)

age for up to $5,000,000. The general liability insurance covers property damage, personal injury, auto, and public officials' errors and omissions. General liability, auto, and public officials' errors and omissions are the County's responsibility for up to $250,000 per occurrence, with the excess insured by the CSAC Excess Insurance Authority for up to $9,750,000. The County has also purchased optional excess liability coverage in the amount of $5 million. Property damage is insured by a commercial carrier for $464,552,000 with a $10,000 deductible. Unemployment, vision care, and dental insurance are the responsibility of the County. Limited exposure precludes the need for outside coverage.

The Health Services Agency Clinics and Ancillary Services, and the Behavioral Health and Recovery Department participate in the medical malpractice program administered by the CEO Risk Management Division. Under this program, the County has a self-insured retention of $500,000 per occurrence and pays all defense costs. The County also carries excess insurance coverage up to $10,000,000 per claim.

There was no reduction in insurance coverage from the prior year. There were no settlements in excess of insurance coverage for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	2002/03	2003/04
Unpaid claims as of July 1	$ 18,158,043	$ 21,277,469
Incurred claims (including IBNRs)	15,067,967	12,560,521
Claim payments	(11,948,541)	(11,734,845)
Unpaid claims as of June 30	$ 21,277,469	$ 22,103,145

The County is a defendant in several legal actions. In the opinion of County Counsel, it is probable the potential liability for these matters could exceed the County's general liability self-insurance retention of $250,000. Any excess over $250,000 would be covered by excess insurance coverage explained above.

In addition, the County is a defendant in a number of other lawsuits or proceedings arising in the normal course of its activities where the ultimate outcome cannot be predicted with certainty. Management does not expect that these matters will have a material adverse effect on the financial position or changes in financial position of the County.

Further, the County participates in a number of federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Some audits of these programs prior to and for the year ended June 30, 2004, have not been conducted or concluded. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 15: **Commitments**

The County has entered into contracts to complete the renovation of existing office space, to construct a performing arts center, to begin work on a new parking garage/office structure, to develop two new community parks and to reconstruct a portion of a county roadway. At June 30, 2004, the contractual amount remaining was $38,770,481.

The county has awarded contracts for the preparation of project study reports for two highway interchanges. The remaining balance at June 30, 2004 was $448,883.

Note 16: **Joint Ventures**

Stanislaus Waste-to-Energy Financing Agency

Stanislaus Waste-to-Energy Financing Agency (Agency) was created May 1, 1989, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a commission consisting of two members of the City council and two members of the County's Board of Supervisors. The agreement provides that the City and the County shall pay for costs associated with the operation of the Agency and are entitled to all rights and property of the Agency equally. On May 1, 1990, the Agency issued Certificates of Participation to refinance the bonds mentioned in Note 15. And on February 1, 2000 Refunding Revenue Certificates were issued to refinance the 1990 COPs. Outstanding debt of the Agency at June 30, 2004 is $46,445,000. Financial statements for the Agency are produced biannually and are available from the County of Stanislaus.

Tuolumne River Regional Park

The County participates with the City of Modesto and the City of Ceres in the operation and development of the Tuolumne River Regional Park (TRRP). The governing body consists of two members from each city council and the County Board of Supervisors.

The TRRP Board prepares the annual budget, which must be approved by both cities' councils and the Board of Supervisors. Each participant has an equity interest in the assets of the Park based on the percentage of cumulative contributions paid. As of June 30, 2004, the County's equity interest was $1,700,515 and is reported as Investments-joint ventures in the government-wide statement of net assets. For the fiscal year ending June 30, 2004, the County contributed $213,414 to TRRP. Financial statements for TRRP are prepared by the City of Modesto Finance Department and are available from them.

Stanislaus Drug Enforcement Agency

Stanislaus County and the cities of Modesto, Oakdale, Ceres, Patterson, Turlock, Riverbank and Newman are the participants in the Stanislaus Drug Enforcement Agency (SDEA). The purpose of the SDEA is to maintain a specially trained police unit to assist each of the participating agencies in the enforcement of drug control laws, and to study, plan and set priorities for effective enforcement of such laws throughout Stanislaus County.

Note 16: **Joint Ventures** (continued)

Stanislaus Drug Enforcement Agency (continued)

The governing body consists of the Sheriff to Stanislaus County and the chief of police for each participating city. All participants contributed to the funding of the SDEA budgeted expenditures, based on population and assessed property value. The County's contribution to the SDEA for fiscal year 2004 was $397,985. Upon termination of the agreement, assets will be distributed based on total contributions from each participant. Financial statements of the SDEA are available from the County.

The City-County Capital Improvements and Financing Agency

The City-County Capital Improvements and Financing Agency (Agency) was created December 17, 1996, pursuant to a joint exercise of powers agreement between the City of Modesto and the County of Stanislaus. The Agency is administered by a six-member commission consisting of two members of the City Council, two members of the County's Board of Supervisors, the County Chief Executive Officer and the City Manager. The Agency prepares the annual and project budgets, which must be approved by both the City Council and the Board of Supervisors. Each participant has an equity interest in the assets of the Agency in accordance with any project agreements or in the percentages as agreed upon by the Agency which percentages shall be reviewed and approved in connection with the project and annual budgets of the Agency. As of June 30, 2004, the County's equity interest in the Agency was $15,802,402 and is reported as Investments-joint ventures in the government-wide statement of net assets.

The County was the Agency's fiscal administrator during the construction phase of the City-County Administration Center, finalized at the end of June 2003. Since then, the City has been the fiscal administrator. Financial statements of the Agency will be available from the City after the initial audit of the Agency's books has been completed.

The California County Tobacco Securitization Agency

In November 1998, the attorneys general of 46 states (including California) and various other public entities (collectively, the "Settling States") and the four largest United States tobacco manufacturers entered into a master settlement agreement (MSA) in resolution of cigarette smoking-related litigation. The MSA effectively releases the manufacturers from past, present and future smoking related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various jurisdictions therein ("participating jurisdictions") entered into a memorandum of understanding (MOU), made to the State of California in accordance to the MSA. However, the payments under the MSA are subject to numerous adjustments and potential delays.

Note 16: **Joint Ventures** (continued)

The California County Tobacco Securitization Agency (continued)

On November 15, 2000, the County entered into a Joint Powers Agreement (the "Agreement") with the County of Merced, County of Sonoma, and the County of Kern thereby creating the California County Tobacco Securitization Agency (the "Agency"). The Agency included the County of Marin, County of Placer and the County of Fresno as of May 1, 2002. The Agency is governed by a Commission, which is comprised of two designees of the Board of Supervisors of each member.

The purpose of the Agreement is to provide for the exercise of powers common to each member, including, but not limited to, the power to insure, hedge or otherwise manage the risks associated with the receipt of the MSA payments. In furtherance of it's purpose, the Agency has been empowered to issue Bonds secured by the MSA payments of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the rights to the MSA payments from a member or members.

On March 1, 2002, the Stanislaus County Tobacco Funding Corporation, a component unit of the County, entered into an agreement with the Agency for the purpose of issuing bonds in the principal amount of $67,305,000 to acquire the County's rights to receive the MSA payments when and as such funds are available. The County agreed to sell its rights, title and interest of the money due under the MSA and the MOU for $52,403,206. The financial statements of the Agency are produced annually and are available from the County of Kern, Auditor-Controller's Office at 1115 Truxtun Ave., Bakersfield, CA 93301.

Consolidated Emergency Dispatch Agency

The Modesto/Stanislaus Consolidated Emergency Dispatch Agency (the "Agency") was created on September 1, 1999, pursuant to a joint exercise of powers agreement between the City of Modesto (the "City") and the County of Stanislaus (the "County"). The Agency is administered by a seven-member commission consisting of one member of the Modesto City Council, one member of the County's Board of Supervisors, the County Chief Executive Officer, the Modesto City Manager, two members from the Dispatch Advisory Board, and one member from the City of Ceres' City Council. The purpose of the Agency is to consolidate the public safety communications system. The responsibilities of the County and the City include approval: of the annual budget, claims, liabilities, and the use of Agency property as collateral. Each participant will contribute sufficient funds to pay for all costs and expenses associated with providing Emergency Dispatch Services. Upon termination of the agreement, assets will be distributed equally to the City and County, unless otherwise approved. The financial statements may be obtained by writing to the Modesto/Stanislaus Consolidated Emergency Dispatch, Office Manager, 3705 Oakdale Road, Modesto, California, 95357.

Note 17: Employees' Retirement Plan

The County is a major participant in the Stanislaus County Employees Retirement Association (StanCERA), a retirement system organized under the 1937 Retirement Act. StanCERA is a cost-sharing multiple-employer Public Employee Retirement System (PERS). StanCERA provides retirement and disability benefits, annual cost-of-living adjustments, death benefits and health and welfare insurance for certain retirees and their dependents. The plan is administered by the Stanislaus County Employees Retirement Association. One actuarial valuation is performed for the system as a whole and the contribution rate is determined for each participating entity. The participating entities are the County, City of Ceres, and six special districts located in the County that are not governed by the County's Board of Supervisors. StanCERA issues a publicly available financial report that includes financial statements and required supplementary information for StanCERA. The financial report may be obtained by writing to Stanislaus County Employees Retirement Association, P.O. Box 3150, Modesto, CA 95353-3150 or by calling (209) 525-6393.

The financial statements of StanCERA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported sales price at current exchange rates. No investment in any single asset represents more than 5% of the net assets available for pension benefits.

The StanCERA has five tiers of retirement benefits, all or some of which are offered to General and Safety members, respectively. The benefits known as Tier 1, Tier 2, Tier 4, and Tier 5 vest after five years of credited service, while the benefit known as Tier 3 vests after ten years of credited service. Vested General members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten or more years of qualifying service or at any age with thirty or more years of qualifying service. Vested Safety members with Tier 1, Tier 2, Tier 4 or Tier 5 benefits may retire at age fifty or older with ten years of qualifying service or at any age with twenty or more years of service. All Tier 3 members may retire at age fifty-five with ten or more years of qualifying service.

For members with Tier 1, Tier 4 or Tier 5 benefits, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

The retirement benefit for Tier 1, Tier 2, Tier 4 and Tier 5 members includes a post-retirement cost-of-living (COL) adjustment based upon the Consumer Price Index. COL increases/decreases are limited to a maximum of 3% annually. Total COL decrease(s)

Note 17: **Employees' Retirement Plan** (continued)

cannot exceed the cumulative amount of previous COL increase(s). Tier 1, Tier 2, Tier 4 and Tier 5 provide death and disability benefits.

Those members participating in Tier 1, Tier 2, Tier 4 and Tier 5 are required by statute to contribute to the pension plan. Members' contribution rates are formulated on the basis of the age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Benefits and contribution provisions are established by state law subject to amendment only by a legislative act of the State of California. Alternative benefit and contribution schedules are permissive with approval of the Board of Supervisors.

In addition to providing pension benefits, StanCERA provides a health insurance stipend for retirees. Substantially all of the active members may become eligible for this benefit if they reach normal retirement age. For the year ending June 30, 2004, 2,035 retirees received this stipend, for a total of $6,926,401. StanCERA sponsored health insurance benefits are not vested and may be discontinued with 90 days notice.

StanCERA also provides a death benefit of $5,000 paid to the beneficiary or estate if a member dies after retirement, provided that Stanislaus County was the members last public employer.

Post-employment health care benefits are funded from excess earnings of the retirement association. The County does not contribute towards post-employment benefits other than retirement. The actuarial study dated June 30, 1998 projected the liability level for health care premium to be $93,346,000 based on current utilization. As of June 30, 2004, the funding for post-retiree's health premium reserve is $97,610,834.

The County's contribution to StanCERA for the years ending June 30, 2002, 2003 and 2004 were $9,827,993, $14,572,417 and $14,925,828, respectively, equal to the required contributions for each year.

Required Supplementary Information

Stanislaus County Employees' Retirement Association (StanCERA)
Schedule of Funding Progress

The actuarial value of assets as a percentage of the actuarial liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2003 are obtained from StanCERA's annual actuarial report. The report for this fiscal year is not yet available. As such, the information for this fiscal year is not reflected in the following three-year analysis:

Funded Status of Plan
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
07/01/2001	$ 784,114	$ 781,495	$ (2,619)	100.3	$ 174,595	(1.5)
07/01/2002	878,821	870,768	(8,053)	100.9	196,471	(4.1)
07/01/2003	928,022	958,095	30,073	96.9	179,664	15.2

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Projects Fund

Redevelopment Agency

The Redevelopment Agency Fund was established so the County can use redevelopment tax increment financing as a tool to initiate capital public project, property rehabilitation and private development.

Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service funds include:

Capital Improvement Financing Authority

The Capital Improvement Financing Authority is used to accumulate resources for payment of principal and interest incurred by the sale of Certificate of Participation issued to finance various capital projects.

Pension Obligation Bonds

This fund is used to accumulate resources for the payment of principal and interest of taxable bonds issued to pay to the Employees Retirement Association the County's unfunded actuarial accrued liability.

Stanislaus County Tobacco Funding Corporation

This fund is used to account for the receipt and disbursement of tobacco securitization revenues from the State.

County of Stanislaus
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue Funds	Capital Projects Fund: Redevelopment Agency	Debt Service Funds: Capital Improvement Finance Authority	Debt Service Funds: Pension Obligation Bonds	Debt Service Funds: Stan County Tobacco Funding Corp	Totals
Assets						
Cash and investments	$ 47,458,321	$ 1,749,360	$	$ 2,522,926	$	$ 51,730,607
Cash with fiscal agent	4,167,277		17,185,328	155,112	5,843,085	27,350,802
Account receivable (net of allowance for uncollectables)	17,350,600	3,100			2,402,612	19,756,312
Interest and other receivables	167,734	5,096		4,873		177,703
Inventory	371,877					371,877
Deferred charges	1,500					1,500
Due from other funds	455,241					455,241
Prepaid items	70,244					70,244
Advance to other funds	4,926,534					4,926,534
Total assets	$ 74,969,328	$ 1,757,556	$ 17,185,328	$ 2,682,911	$ 8,245,697	$ 104,840,820
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$ 5,443,070	$ 6,370	$	$	$	$ 5,449,440
Salaries and benefits payable	2,764,131	8,291				2,772,422
Due to other funds	2,295,356					2,295,356
Due to other government					2,402,612	2,402,612
Deposits from others	7,278					7,278
Deferred revenue	232,055					232,055
Advances from other funds	100,900	2,090,422				2,191,322
Total Liabilities	10,842,790	2,105,083			2,402,612	15,350,485
Fund Balances						
Reserved for encumbrances	7,925,910	333,708				8,259,618
Reserved for advances to other funds	4,926,534					4,926,534
Reserved other	447,918					447,918
Reserved for debt service			17,185,328	155,112	5,843,085	23,183,525
Unreserved:						
Undesignated (deficit)	50,826,176	(681,235)		2,527,799		52,672,740
Total fund balances	64,126,538	(347,527)	17,185,328	2,682,911	5,843,085	89,490,335
Total liabilities and fund balances	$ 74,969,328	$ 1,757,556	$ 17,185,328	$ 2,682,911	$ 8,245,697	$ 104,840,820

County of Stanislaus
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2004

	Special Revenue Funds	Capital Projects Fund: Redevelopment Agency	Debt Service Funds: Capital Improvement Finance Authority	Debt Service Funds: Pension Obligation Bonds	Debt Service Funds: Stan County Tobacco Funding Corp	Totals
Revenues:						
Taxes	$ 10,067,516	$ 2,489,544	$	$	$	$ 12,557,060
Licenses, permits and franchises	2,652,537					2,652,537
Fines, forfeitures and penalties	153,649					153,649
Revenue from use of money and property	369,548	(5,591)	522,115	19,572	284,122	1,189,766
Intergovernmental revenue	77,307,419	53,064		387,073		77,747,556
Charges for services	22,391,983	112,971				22,504,954
Miscellaneous revenue	2,145,594	117,709		196,317	4,782,358	7,241,978
Total revenues	115,088,246	2,767,697	522,115	602,962	5,066,480	124,047,500
Expenditures:						
Current:						
General government	9,088,394					9,088,394
Public protection	38,093,827					38,093,827
Public ways and facilities	22,334,239					22,334,239
Health and sanitation	39,934,603					39,934,603
Public assistance	15,051,722					15,051,722
Education	9,370,806					9,370,806
Recreation and cultural services	53,751					53,751
Debt service:						
Interest and fiscal charges	2,420	109,034	6,046,024	6,036,257	5,819,441	18,013,176
Principal	9,893	4,525,000	5,430,536	5,395,000	1,290,000	16,650,429
Capital outlay		4,972,610				4,972,610
Total expenditures	133,939,655	9,606,644	11,476,560	11,431,257	7,109,441	173,563,557
Revenues over (under) expenditures	(18,851,409)	(6,838,947)	(10,954,445)	(10,828,295)	(2,042,961)	(49,516,057)
Other financing sources (uses):						
Loan proceeds	4,167,277	4,525,000	8,706,290			17,398,567
Transfers in	27,435,706	1,204,307	9,203,896	8,743,525		46,587,434
Transfers out	(15,317,724)	(1,210,388)	(409,374)			(16,937,486)
Sale of fixed assets	480					480
Total other financing sources (uses)	16,285,739	4,518,919	17,500,812	8,743,525		47,048,995
Net changes in fund balances	(2,565,670)	(2,320,028)	6,546,367	(2,084,770)	(2,042,961)	(2,467,062)
Fund balances at beginning of year, as restated	66,692,208	1,972,501	10,638,961	4,767,681	7,886,046	91,957,397
Fund balances at end of year	$ 64,126,538	$ (347,527)	$ 17,185,328	$ 2,682,911	5,843,085	$ 89,490,335

Nonmajor Special Revenue Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. Special revenue funds include:

Environmental Resources

This fund was established as a Comprehensive Environmental Department whose mandated goal was to control those factors in our physical environment, which exercise or may exercise a deleterious effect on our health and environment. Its revenues come from charges for services and federal and state sources.

Children and Families First Commission

This fund was established to create and implement a comprehensive system of services to support childhood development from the prenatal stage to five (5) years of age. Its revenues come from an increase in the tobacco tax, and are divided among counties based on the number of live births, annually, in the County.

Public Works – Engineering

This fund was established to provide engineering services to other division in the Public Works Department and other County departments. Revenue consists primarily of charges for services

Road and Bridge

This fund was established to provide maintenance and construction of roadways and bridges. Revenue consists primarily of the County's share of state highway users taxes and are supplemented by federal funds, vehicle code fines, and reimbursements for services provided.

Employment and Training

This fund was established to account for the Workforce Incentive Act. The County serves as the grant recipient and administrator. The federal government funds the program for the purposes of providing employment and training services to youth and adults, who are unskilled, economically disadvantaged, unemployed, or underemployed.

Child Support Services

This fund was established to account for the Department of Child Support Services, which is responsible for locating absent parents, establishing paternity, establishing child and medical support orders, collecting and distributing child support from absent parents and initiating remedial actions to collect on delinquencies. Federal and state funding are the primary source of revenues.

NONMAJOR SPECIAL REVENUE FUNDS
(Continued)

Health Services Agency

This fund was established to oversee the delivery of health care to Stanislaus County residents. It includes the Public Health and Managed Care divisions and oversees the Health Clinics and Ancillary Services (enterprise fund). The revenues for this fund are primarily intergovernmental sources and charges for services, supplemented by transfers from the General Fund.

Indigent Health Care

This fund was established to administer state and county funds for the delivery for quality medical care for indigent and medically indigent county residents. The primary funding source is the State.

Library

This fund was established to account for library services in thirteen branches throughout the county. Support is derived principally from general fund discretionary revenues and 1/8% sales tax increment beginning in July 1995.

Lighting Districts

This fund was established for lighting districts that are controlled by the Board of Supervisors. The revenue sources are taxes and direct assessments.

All Other Special Revenue Funds

Accounts for the activities of several special revenue funds, including:

- Area Agency on Aging
- Property Tax Administration Program
- Cal-MMET
- Federal & State Grants
- County Service Areas & Storm Drain Districts
- Community Health Services

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services
Assets						
Cash and investments	$ 1,547,913	$ 24,775,113	$ 1,762,860	$ 1,462,718	$	$ 1,218,737
Cash with fiscal agent						
Account receivable (net of allowance for uncollectables)	958,486	1,155,180	59,345	61,946	2,179,278	1,743,740
Interest and other receivables	4,283	97,141		6,632		5,011
Inventory				299,942		
Deferred charges					1,500	
Due from other funds	9,181					
Prepaid items						58,408
Advance to other funds				1,690,422		
Total assets	$ 2,519,863	$ 26,027,434	$ 1,822,205	$ 3,521,660	$ 2,180,778	$ 3,025,896
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$ 226,919	$ 1,977,288	$ 106,373	$ 389,471	$ 791,223	$ 69,976
Salaries and benefits payable	212,680	17,972	210,185	144,460	281,980	539,962
Due to other funds		308,350			710,361	
Deposits from others						7,094
Deferred revenue		200,000				
Advances from other funds						
Total Liabilities	439,599	2,503,610	316,558	533,931	1,783,564	617,032
Fund Balances						
Reserved for encumbrances	519,167	3,022,882	28,011	67,747	8,319	118,622
Reserved for advances to other funds				1,690,422		
Reserved other	200			299,992		58,408
Unreserved:						
Undesignated	1,560,897	20,500,942	1,477,636	929,568	388,895	2,231,834
Total fund balances	2,080,264	23,523,824	1,505,647	2,987,729	397,214	2,408,864
Total liabilities and fund balances	$ 2,519,863	$ 26,027,434	$ 1,822,205	$ 3,521,660	$ 2,180,778	$ 3,025,896

County of Stanislaus
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2004

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Assets
$ 4,840,096	$ 1,614,552	$ 434,247	$ 96,598	$ 9,705,487	$ 47,458,321	Cash and investments
		4,167,277			4,167,277	Cash with fiscal agent
5,940,708	835,704	1,263,207		3,153,006	17,350,600	Account receivable (net of allowance for uncollectables)
6,082	2,568		222	45,795	167,734	Interest and other receivables
71,935					371,877	Inventory
					1,500	Deferred charges
348,133	97,927				455,241	Due from other funds
11,836					70,244	Prepaid items
				3,236,112	4,926,534	Advance to other funds
$ 11,218,790	$ 2,550,751	$ 5,864,731	$ 96,820	$ 16,140,400	$ 74,969,328	Total assets
						Liabilities and Fund Balance
						Liabilities
$ 499,053	$ 432,501	$ 192,970	$ 3,832	$ 753,464	$ 5,443,070	Accounts payable
809,042	36,167	242,920		268,763	2,764,131	Salaries and benefits payable
	1,276,645				2,295,356	Due to other funds
				184	7,278	Deposits from others
3,593		12,640		15,822	232,055	Deferred revenue
			900	100,000	100,900	Advances from other funds
1,311,688	1,745,313	448,530	4,732	1,138,233	10,842,790	Total Liabilities
						Fund Balances
58,918	8,676	94,362		3,999,206	7,925,910	Reserved for encumbrances
				3,236,112	4,926,534	Reserved for advances to other funds
87,621		997		700	447,918	Reserved other
						Unreserved:
9,760,563	796,762	5,320,842	92,088	7,766,149	50,826,176	Undesignated
9,907,102	805,438	5,416,201	92,088	15,002,167	64,126,538	Total fund balances
$ 11,218,790	$ 2,550,751	$ 5,864,731	$ 96,820	$ 16,140,400	$ 74,969,328	Total liabilities and fund balances

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2004

	Environmental Resources	Children and Families Commission	Public Works Engineering	Road and Bridge	Employment and Training	Child Support Services
Revenues:						
Taxes	$	$	$	$ 1,765,888	$	$
Licenses, permits and franchises			2,560,854	81,452		
Fines, forfeitures and penalties	58,030					
Revenue from use of money and property	9,239	179,460		(9,785)		76,934
Intergovernmental revenue	1,078,051	7,930,172	88,084	11,639,869	10,859,823	16,666,087
Charges for services	5,031,487		4,412,284	2,430,113	2,498,135	830
Miscellaneous revenue	28,193		880	99,390	(7)	
Total revenues	6,205,000	8,109,632	7,062,102	16,006,927	13,357,951	16,743,851
Expenditures:						
General		8,348,815				
Public protection	7,447,104		2,103,356			16,478,737
Public ways and facilities			4,453,339	17,880,900		
Health and sanitation						
Public assistance					12,651,525	
Education						
Recreation and cultural services						
Debt Service:						
Interest and fiscal charges						
Principal						
Total expenditures	7,447,104	8,348,815	6,556,695	17,880,900	12,651,525	16,478,737
Revenues over (under) expenditures	(1,242,104)	(239,183)	505,407	(1,873,973)	706,426	265,114
Other financing sources (uses):						
Loan proceeds						
Transfers in	1,328,625		417,616	3,625,894		
Transfers out	(245,629)	(10,813)	(134,110)	(98,471)	(202,451)	(368,637)
Sale of fixed assets	480					
Total other financing sources (uses)	1,083,476	(10,813)	283,506	3,527,423	(202,451)	(368,637)
Net change in fund balance	(158,628)	(249,996)	788,913	1,653,450	503,975	(103,523)
Fund balances (deficit) at beginning of year	2,238,892	23,773,820	716,734	1,334,279	(106,761)	2,512,387
Fund balances at end of year	$ 2,080,264	$ 23,523,824	$ 1,505,647	$ 2,987,729	$ 397,214	$ 2,408,864

County of Stanislaus
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the fiscal year ended June 30, 2004

Health Services Agency	Indigent Health Care	Library	Lighting Districts	All Other Special Revenue Funds	Totals	
						Revenues:
$	$	$ 7,412,710	$ 59,090	$ 829,828	$ 10,067,516	Taxes
10,231					2,652,537	Licenses, permits and franchises
				95,619	153,649	Fines, forfeitures and penalties
						Revenue from use of money
6,724	5,071		6,253	95,652	369,548	and property
12,794,883	4,142,242	433,619	851	11,673,738	77,307,419	Intergovernmental revenue
3,801,490	691,389	377,735	163,617	2,984,903	22,391,983	Charges for services
942,444	438,459	51,301	1,819	583,115	2,145,594	Miscellaneous revenue
17,555,772	5,277,161	8,275,365	231,630	16,262,855	115,088,246	Total revenues
						Expenditures:
				739,579	9,088,394	General
			173,235	11,891,395	38,093,827	Public protection
					22,334,239	Public ways and facilities
25,081,350	14,853,253				39,934,603	Health and sanitation
				2,400,197	15,051,722	Public assistance
		9,335,790		35,016	9,370,806	Education
				53,751	53,751	Recreation and cultural services
						Debt Service:
				2,420	2,420	Interest and fiscal charges
				9,893	9,893	Principal
25,081,350	14,853,253	9,335,790	173,235	15,132,251	133,939,655	Total expenditures
(7,525,578)	(9,576,092)	(1,060,425)	58,395	1,130,604	(18,851,409)	Revenues over (under) expenditures
						Other financing sources (uses):
		4,167,277			4,167,277	Loan proceeds
9,615,054	10,343,239	776,532		1,328,746	27,435,706	Transfers in
(5,339,483)	(739,600)	(134,077)		(8,044,453)	(15,317,724)	Transfers out
					480	Sale of fixed assets
4,275,571	9,603,639	4,809,732		(6,715,707)	16,285,739	Total other financing sources (uses)
(3,250,007)	27,547	3,749,307	58,395	(5,585,103)	(2,565,670)	Net change in fund balance
						Fund balances (deficit) at
13,157,109	777,891	1,666,894	33,693	20,587,270	66,692,208	beginning of year
$ 9,907,102	$ 805,438	$ 5,416,201	$ 92,088	$ 15,002,167	$ 64,126,538	Fund balances at end of year

Nonmajor Enterprise Funds

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units, which render services on a user-charge basis to the general public.

County Transit System

This fund was established to account for the operation of a transit system within the county which performs intra-city transit service, medical transportation, and Senior Opportunity Services Program's nutrition deliveries. Revenues are generated from fees to transit users and state grants.

Stanislaus Behavioral Health Center

This fund was established to account for the operations of the Stanislaus Behavioral Health Center, which provides mental health and chemical dependency inpatient and outpatient services to public and private clients.

Inmate Welfare/Commissary

This fund was established to account for the activity of the Jail Commissary and the use of revenue generated from the sale of goods for the benefit of inmates.

County of Stanislaus
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2004

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
ASSETS:				
Current Assets:				
Cash and investments	$ 942,023	$	$ 1,396,552	$ 2,338,575
Accounts receivable, net	157,763	3,324,365	81,103	3,563,231
Interest and other receivables	4,821		6,384	11,205
Inventory of supplies at cost			39,506	39,506
Due from other funds		752,260		752,260
Total current assets	1,104,607	4,076,625	1,523,545	6,704,777
Noncurrent assets:				
Capital assets:				
Building and improvements		7,221,133	196,613	7,417,746
Equipment	302,660	338,625	113,402	754,687
Less:Accumulated depreciation	(244,440)	(2,030,269)	(68,667)	(2,343,376)
Total noncurrent assets	58,220	5,529,489	241,348	5,829,057
Total assets	$ 1,162,827	$ 9,606,114	$ 1,764,893	$ 12,533,834
LIABILITIES:				
Current liabilities:				
Accounts payable	$ 217,210	$ 532,281	$ 76,791	$ 826,282
Due to other funds		2,911,540		2,911,540
Salaries and benefits payable	12,985	502,017		515,002
Current portion of capital lease		5,911		5,911
Liability for compensated absences - current		12,943		12,943
Total current liabilities	230,195	3,964,692	76,791	4,271,678
Noncurrent liabilities				
Liability for compensated absences	15,327	533,215		548,542
Total noncurrent liabilities	15,327	533,215		548,542
Total liabilities	$ 245,522	$ 4,497,907	$ 76,791	$ 4,820,220
NET ASSETS:				
Invested in capital assets, net of related debt	58,220	5,523,578	241,348	5,823,146
Unrestricted	859,085	(415,371)	1,446,754	1,890,468
Total net assets	$ 917,305	$ 5,108,207	$ 1,688,102	$ 7,713,614

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the fiscal year ended June 30, 2004

	County Transit System	Stanislaus Behavioral Health Center	Inmate Welfare/ Commissary	Total
Operating revenues:				
Charges for services	$ 248,081	$ 16,138,480	$ 1,230,589	$ 17,617,150
Total operating revenues	248,081	16,138,480	1,230,589	17,617,150
Operating expenses:				
Salaries and benefits	254,492	10,856,689		11,111,181
Services and supplies	2,056,711	5,584,940	1,700,512	9,342,163
Depreciation	36,811	213,452	17,948	268,211
Total operating expenses	2,348,014	16,655,081	1,718,460	20,721,555
Operating loss	(2,099,933)	(516,601)	(487,871)	(3,104,405)
Nonoperating revenues (expenses)				
Interest income	11,135	44,919	10,393	66,447
Interest expense		(646)		(646)
Operating grants	2,100,080	13,428		2,113,508
Total nonoperating revenues (expenses)	2,111,215	57,701	10,393	2,179,309
Income (loss) before contributions and transfers	11,282	(458,900)	(477,478)	(925,096)
Transfers in	10,000	387,461		397,461
Transfers out	(7,735)	(1,342,959)		(1,350,694)
Change in net assets	13,547	(1,414,398)	(477,478)	(1,878,329)
Total net assets - beginning	903,758	6,522,605	2,165,580	9,591,943
Total net assets - ending	$ 917,305	$ 5,108,207	$ 1,688,102	$ 7,713,614

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal service funds were established to finance and account for the services and commodities furnished by a designated agency of a governmental unit to other departments of the same governmental unit. Since the services and commodities are supplied exclusively to other departments of a governmental jurisdiction, they are distinguishable from the public services which are rendered to the public in general and which are accounted for in General, special revenue, or enterprise funds.

General Liability Insurance

This fund is a risk management fund which was established to account for administrative cost, insurance premiums and the cost of claims for the County's property damage, general liability, auto liability, fiduciary, bonds, dishonesty, and legal defense. Revenues are generated by premiums paid by other funds and interest on investments.

Unemployment Insurance

This fund is a risk management fund which accounts for administrative cost and cost for the County's unemployment claims. Revenues are generated by premiums paid by other funds and interest on investments.

Workers' Compensation Insurance

This fund is a risk management fund which accounts for administrative cost, loss control and cost of Workers' Compensation claims and benefits. Revenues are generated by premiums paid by other funds and interest on investments.

Purchased Insurance

This fund accounts for insurance purchased from outside vendors for health and life insurance. Revenues are generated by premiums paid by other funds.

Dental Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee dental claims. Revenues are generated by premiums paid by other funds and interest on investments.

Vision Care Insurance

This fund is a risk management fund to account for administrative cost and the cost for the County's employee vision care claims. Revenues are generated by premiums paid by other funds and interest on investments.

Professional Liability Insurance

This fund is a risk management fund to account for the purchase of insurance and the cost of claims for medical malpractice cases, administrative costs and legal defense. Revenues are generated by premiums paid predominantly by the Health Services Agency Clinics and Ancillary Services Enterprise Fund, and interest on investments.

INTERNAL SERVICE FUNDS
(Continued)

Central Services

This fund was established to account for the cost of issuing supplies and food items, printing, duplication, postage, mail room service, and messenger service. Revenues are generated based on billings for services provided.

Fleet Services

This fund was established to account for the cost of maintaining all County-owned automobiles, trucks, and heavy equipment for County departments. Revenues are based on fee charges for services provided.

Technology and Communications

This fund was established to account for the costs of providing information services, computer processing, communication services such as telephone equipment and services, maintenance of two-way radios, and a new automated collection system. Revenues are based on billings to customers for services provided.

Morgan Shop Garage

This fund was established to account for the cost of maintaining Public Works light and heavy equipment. Revenues are based on fee charges for services provided.

County of Stanislaus
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
ASSETS:						
Cash and investments	$ 3,996,468	$ 1,477,645	$ 8,528,369	$ 12,173	$ 886,979	$ 583,393
Accounts receivable (net of allowance for uncollectables)	38,718		153,917		323	
Interest and other receivables	15,881	5,570	31,710		1,204	2,404
Inventory of supplies at cost						
Deposit with others	70,825		500,000		25,000	46,730
Total current assets	4,121,892	1,483,215	9,213,996	12,173	913,506	632,527
Property, plant, and equipment:						
Building and improvements						
Equipment	23,693		35,614			
Less: Accumulated depreciation	(23,693)		(32,473)			
Net property, plant, and equipment			3,141			
Total assets	4,121,892	1,483,215	9,217,137	12,173	913,506	632,527
LIABILITIES						
Current liablities						
Accounts payable	68,957	154,766	436,328	1,453	97,343	140,836
Salaries and benefits payable						
Due to other funds						
Risk management liability-current	1,034,000	524,558	6,743,034		457,355	94,138
Capital lease - current						
Compensated absences - current						
Total current liabilities	1,102,957	679,324	7,179,362	1,453	554,698	234,974
Noncurrent liabilites						
Risk management liability		537,094	12,026,966			
Capital leases payable						
Total noncurrent liabilities		537,094	12,026,966			
Total liabilites	1,102,957	1,216,418	19,206,328	1,453	554,698	234,974
NET ASSETS:						
Invested in capital assets net of related debt			3,141			
Unrestricted	3,018,935	266,797	(9,992,332)	10,720	358,808	397,553
Total net assets	$ 3,018,935	$ 266,797	$ (9,989,191)	$ 10,720	$ 358,808	$ 397,553

County of Stanislaus
Combining Statement of Net Assets (Continued)
Internal Service Funds
June 30, 2004

Self Insurance funds: Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						ASSETS:
$ 3,009,925	$ 93,125	$	$	$ 696,545	$ 19,284,622	Cash and investments
	8,248	1,881	66,893	2,272	272,252	Accounts receivable (net of allowance for uncollectables)
11,166					67,935	Interest and other receivables
	104,737	60,269		85,673	250,679	Inventory of supplies at cost
					642,555	Deposit with others
3,021,091	206,110	62,150	66,893	784,490	20,518,043	Total current assets
						Property, plant, and equipment:
		990,773			990,773	Building and improvements
	338,237	6,170,790	9,474,201	6,675,848	22,718,383	Equipment
	(287,784)	(4,474,076)	(8,945,244)	(4,413,376)	(18,176,646)	Less: Accumulated depreciation
	50,453	2,687,487	528,957	2,262,472	5,532,510	Net property, plant, and equipment
3,021,091	256,563	2,749,637	595,850	3,046,962	26,050,553	Total assets
						LIABILITIES
						Current liablities
3,477	52,543	125,053	124,065	29,682	1,234,503	Accounts payable
	27,045	25,949	105,052	20,777	178,823	Salaries and benefits payable
		176,471	1,350,733		1,527,204	Due to other funds
645,645					9,498,730	Risk management liability-current
		95,049		33,834	128,883	Capital lease - current
	76,066	85,209	263,943	42,632	467,850	Compensated absences - current
649,122	155,654	507,731	1,843,793	126,925	13,035,993	Total current liabilities
						Noncurrent liabilites
40,355					12,604,415	Risk management liability
				38,662	38,662	Capital leases payable
40,355				38,662	12,643,077	Total noncurrent liabilities
689,477	155,654	507,731	1,843,793	165,587	25,679,070	Total liabilites
						NET ASSETS:
						Invested in capital assets
	50,453	2,592,438	528,957	2,189,976	5,364,965	net of related debt
2,331,614	50,456	(350,532)	(1,776,900)	691,399	(4,993,482)	Unrestricted
$ 2,331,614	$ 100,909	$ 2,241,906	$ (1,247,943)	$ 2,881,375	$ 371,483	Total net assets

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2004

	Self Insurance funds					
	General Liability Insurance	Unemployment Insurance	Workers' Compensation Insurance	Purchased Insurance	Dental Insurance	Vision Care Insurance
Operating revenues:						
Charges for services	$ 652,111	$ 835,890	$ 8,530,771	$ 23,033,549	$ 4,275,672	$ 922,703
Total operating revenues	652,111	835,890	8,530,771	23,033,549	4,275,672	922,703
Operating expenses:						
Salaries and benefits						
Services and supplies	1,595,895	652,411	8,859,394	23,353,244	3,676,988	906,466
Depreciation			1,216			
Total operating expenses	1,595,895	652,411	8,860,610	23,353,244	3,676,988	906,466
Operating income (loss)	(943,784)	183,479	(329,839)	(319,695)	598,684	16,237
Nonoperating revenues (expenses):						
Interest income	16,516	9,304	46,686		1,820	4,533
Interest expense						
Gain (loss) on sale of capital assets						
Total nonoperating revenues (expenses), net	16,516	9,304	46,686		1,820	4,533
Income (loss) before contributions and transfers	(927,268)	192,783	(283,153)	(319,695)	600,504	20,770
Capital contribution						
Transfers in						
Transfers out	(251,566)		(25,000)			
Changes in net assets	(1,178,834)	192,783	(308,153)	(319,695)	600,504	20,770
Total net assets - beginning	4,197,769	74,014	(9,681,038)	330,415	(241,696)	376,783
Total net assets - ending	$ 3,018,935	$ 266,797	$ (9,989,191)	$ 10,720	$ 358,808	$ 397,553

County of Stanislaus
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2004

Self Insurance funds Professional Liability Insurance	Central Services	Fleet Services	Technology and Communications	Morgan Shop Garage	Total	
						Operating revenues:
$ 1,078,140	$ 1,097,965	$ 2,562,609	$ 7,815,309	$ 1,430,537	$ 52,235,256	Charges for services
1,078,140	1,097,965	2,562,609	7,815,309	1,430,537	52,235,256	Total operating revenues
						Operating expenses:
	689,243	637,134	2,916,098	552,715	4,795,190	Salaries and benefits
757,143	330,648	1,331,187	3,844,878	597,592	45,905,846	Services and supplies
	7,435	641,662	179,399	356,343	1,186,055	Depreciation
757,143	1,027,326	2,609,983	6,940,375	1,506,650	51,887,091	Total operating expenses
320,997	70,639	(47,374)	874,934	(76,113)	348,165	Operating income (loss)
						Nonoperating revenues (expenses):
18,178					97,037	Interest income
		(8,285)	(868)	(4,618)	(13,771)	Interest expense
		19,687	(5,804)		13,883	Gain (loss) on sale of capital assets
18,178		11,402	(6,672)	(4,618)	97,149	Total nonoperating revenues (expenses), net
339,175	70,639	(35,972)	868,262	(80,731)	445,314	Income (loss) before contributions and transfers
				878,820	878,820	Capital contribution
		92,352	189,845		282,197	Transfers in
	(18,427)	(17,886)	(84,410)	(12,995)	(410,284)	Transfers out
339,175	52,212	38,494	973,697	785,094	1,196,047	Changes in net assets
1,992,439	48,697	2,203,412	(2,221,640)	2,096,281	(824,564)	Total net assets - beginning
$ 2,331,614	$ 100,909	$ 2,241,906	$ (1,247,943)	$ 2,881,375	$ 371,483	Total net assets - ending

Statistical Information

County of Stanislaus
Revenues and Expenses - Government-Wide
Last Four Fiscal Years

	2000-01	2001-02	2002-03	2003-04
Revenues (by source):				
Program revenues:				
Fees, fines, charges for services	$ 141,728,570	$ 151,078,186	$ 149,606,671	$ 168,119,660
Operating grants and contributions	298,410,955	341,345,023	332,600,172	337,462,750
Capital grants and contributions	20,810,799	22,176,744	23,552,188	11,773,352
General revenues:				
Property taxes	25,366,087	29,325,476	31,561,725	34,432,004
Sales taxes	24,332,083	25,262,696	28,360,792	27,480,214
Franchise fees	917,276	1,221,235	918,309	1,020,333
Motor vehicle license	28,236,408	30,646,886	32,658,197	25,906,813
Open space subvention	1,722,236	1,803,361	1,737,231	1,691,748
Rental income	1,130,270	710,984		
Unrestricted investments earnings	10,686,950	7,455,316	6,218,534	4,656,125
Other	17,454,737	12,030,877	14,566,673	28,868,601
Total Revenues	$ 570,796,371	$ 623,056,784	$ 621,780,492	$ 641,411,600
Expenses (by function):				
General government	37,764,335	40,719,666	48,391,005	44,290,347
Public protection	119,583,301	136,575,084	143,930,821	146,200,826
Public ways and facilities	37,294,734	33,500,529	39,214,960	45,291,400
Health and sanitation	85,996,354	99,938,442	103,632,801	103,788,932
Public assistance	180,175,959	210,016,007	205,434,527	204,811,256
Education	8,507,951	8,979,780	9,628,228	10,553,123
Recreation	4,608,475	4,786,457	6,062,670	6,710,196
Interest and fiscal charges on long-term debt	15,849,634	11,720,293	11,582,666	17,522,288
Landfills	4,834,890	7,184,548	7,659,100	4,295,808
Behavioral health	13,231,056	14,019,815	13,799,708	16,655,727
Health clinics and ancillary services	36,305,100	36,353,822	37,321,847	40,143,654
Inmate welfare and commissary	1,066,152	1,317,672	1,437,906	1,718,460
Transit	1,682,335	1,951,513	2,082,555	2,348,014
Total Expenses	$ 546,900,276	$ 607,063,628	$ 630,178,794	$ 644,330,031

County of Stanislaus
Governmental Fund - Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Education	Recreation and Cultural Services	Capital Outlay	Debt Service	Total
1995	$ 21,653,970	$ 78,014,032	$ 10,741,495	$ 54,514,793	$ 171,848,407	$ 3,680,465	$ 2,230,569	$ 7,437,158	$ 21,304,983	$ 371,425,872
1996	$ 23,753,991	$ 80,988,683	$ 8,618,367	$ 59,326,909	$ 170,683,370	$ 5,412,857	$ 2,959,626	$ 12,999,335	$ 19,394,424	$ 384,137,562
1997	$ 23,250,987	$ 85,206,769	$ 15,141,696	$ 66,030,718	$ 157,645,179	$ 6,067,764	$ 2,847,877	$ 5,913,408	$ 15,942,342	$ 378,046,740
1998	$ 24,457,734	$ 86,895,719	$ 15,088,450	$ 73,944,115	$ 147,335,294	$ 6,916,320	$ 2,996,831	$ 22,412,928	$ 17,677,781	$ 397,725,172
1999	$ 25,918,492	$ 105,300,541	$ 18,269,779	$ 62,486,247	$ 150,391,456	$ 7,254,994	$ 3,675,066	$ 30,132,604	$ 20,484,331	$ 423,913,510
2000	$ 34,762,987	$ 118,302,571	$ 19,669,113	$ 71,718,115	$ 162,415,873	$ 11,592,606	$ 4,008,188	$ 19,022,124	$ 20,349,868	$ 461,841,445
2001	$ 29,984,488	$ 120,479,212	$ 15,681,780	$ 85,885,977	$ 179,153,376	$ 8,053,397	$ 4,138,041	$ 7,146,789	$ 21,398,224	$ 471,921,284
2002	$ 36,494,615	$ 133,205,484	$ 22,887,072	$ 98,746,982	$ 209,041,477	$ 12,950,762	$ 4,401,008	$ 8,317,137	$ 21,444,474	$ 547,489,011
2003	$ 39,042,574	$ 140,359,147	$ 24,703,267	$ 103,859,610	$ 204,532,483	$ 9,449,163	$ 5,433,031	$ 17,840,345	$ 21,416,127	$ 566,635,747
2004	$ 38,197,737	$ 142,936,105	$ 22,352,607	$ 103,266,153	$ 203,468,428	$ 9,676,337	$ 6,606,007	$ 14,724,893	$ 35,883,695	$ 577,111,962

County of Stanislaus
Governmental Fund - Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses, Permits, and Franchises	Fines, Forfeitures, and Penalties	Revenue from Use of Money and Property	Inter-Governmental Revenue	Charges for Services	Miscellaneous Revenues	Total
1995	$ 33,987,093	$ 2,489,654	$ 2,498,611	$ 6,158,559	$ 261,284,871	$ 41,210,603	$ 2,797,649	$ 350,427,040
1996	$ 39,947,246	$ 2,359,279	$ 2,103,225	$ 7,419,969	$ 275,237,337	$ 39,629,899	$ 2,199,208	$ 368,896,163
1997	$ 40,456,611	$ 2,412,865	$ 1,991,486	$ 7,730,499	$ 269,352,399	$ 42,813,056	$ 1,659,995	$ 366,416,911
1998	$ 43,817,097	$ 2,342,045	$ 3,753,612	$ 10,966,092	$ 257,179,902	$ 50,298,201	$ 15,238,569	$ 383,595,518
1999	$ 43,256,791	$ 3,050,498	$ 4,340,495	$ 11,273,350	$ 277,762,601	$ 55,987,807	$ 4,293,932	$ 399,965,474
2000	$ 49,018,126	$ 2,714,718	$ 6,496,818	$ 9,411,666	$ 308,388,382	$ 71,641,606	$ 11,460,594	$ 459,131,910
2001	$ 51,537,878	$ 2,971,884	$ 3,881,935	$ 12,498,724	$ 335,053,392	$ 71,366,067	$ 14,796,113	$ 492,105,993
2002	$ 55,585,337	$ 3,514,853	$ 6,978,905	$ 10,439,033	$ 382,418,947	$ 87,224,458	$ 11,091,239	$ 557,252,772
2003	$ 60,948,505	$ 3,406,830	$ 7,993,664	$ 7,908,954	$ 379,661,625	$ 83,891,476	$ 11,648,645	$ 555,459,699
2004	$ 65,574,750	$ 4,522,962	$ 6,458,261	$ 5,385,832	$ 374,587,670	$ 96,416,581	$ 25,081,071	$ 578,027,127

County of Stanislaus
Property Tax Charges and Collections *
Last Ten Fiscal Years

Fiscal Year	Secured Tax Charge	Unsecured Tax Charge	Total Tax Charge	Collections Through 6/30	Delinquent Balance	Ratio of Delinquency To Tax Charge
1995	$ 188,473,564	$ 8,541,626	$ 197,015,190	$ 191,368,551	$ 5,646,639	2.866%
1996	$ 185,241,717	$ 9,265,388	$ 194,507,105	$ 189,122,802	$ 5,384,303	2.768%
1997	$ 187,752,426	$ 9,469,534	$ 197,221,960	$ 191,821,103	$ 5,400,857	2.738%
1998	$ 192,095,120	$ 9,447,135	$ 201,542,255	$ 197,210,207	$ 4,332,048	2.150%
1999	$ 193,711,737	$ 11,827,861	$ 205,539,598	$ 201,224,592	$ 4,315,006	2.099%
2000	$ 209,240,256	$ 11,843,235	$ 221,083,491	$ 216,197,440	$ 4,886,051	2.210%
2001	$ 220,614,926	$ 12,719,986	$ 233,334,911	$ 228,045,563	$ 5,289,349	2.267%
2002	$ 237,178,381	$ 14,377,948	$ 251,556,329	$ 245,881,778	$ 5,674,552	2.256%
2003	$ 260,596,803	$ 14,152,836	$ 274,749,639	$ 270,047,250	$ 4,702,389	1.712%
2004	$ 288,186,248	$ 15,650,208	$ 303,836,456	$ 295,829,739	$ 8,006,721	2.635%

* Includes all taxing authorities within the County excluding Airplane Tax.

County of Stanislaus
Net Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Secured		Unsecured		Total		Ratio of Assessed to Estimated Actual
	Assessed	Estimated Actual	Assessed	Estimated Actual	Assessed	Estimated Actual	
1995	$ 16,229,216,696	$ 16,229,216,696	$ 823,159,911	$ 823,159,911	$ 17,052,376,607	$ 17,052,376,607	100%
1996	$ 16,513,622,177	$ 16,513,622,177	$ 914,454,494	$ 914,454,494	$ 17,428,076,671	$ 17,428,076,671	100%
1997	$ 16,798,968,191	$ 16,798,968,191	$ 873,159,491	$ 873,159,491	$ 17,672,127,682	$ 17,672,127,682	100%
1998	$ 17,125,381,531	$ 17,125,381,531	$ 920,841,788	$ 920,841,788	$ 18,046,223,319	$ 18,046,223,319	100%
1999	$ 17,414,464,523	$ 17,414,464,523	$ 1,042,205,718	$ 1,042,205,718	$ 18,456,670,241	$ 18,456,670,241	100%
2000	$ 18,138,511,836	$ 18,138,511,836	$ 1,145,681,145	$ 1,145,681,145	$ 19,284,192,981	$ 19,284,192,981	100%
2001	$ 19,269,396,995	$ 19,269,396,995	$ 1,206,395,885	$ 1,206,395,885	$ 20,475,792,880	$ 20,475,792,880	100%
2002	$ 20,778,158,097	$ 20,778,158,097	$ 1,360,582,907	$ 1,360,582,907	$ 22,138,741,004	$ 22,138,741,004	100%
2003	$ 24,882,144,306	$ 24,882,144,306	$ 1,448,702,323	$ 1,448,702,323	$ 26,330,846,629	$ 26,330,846,629	100%
2004	$ 27,488,169,333	$ 27,488,169,333	$ 1,416,767,559	$ 1,416,767,559	$ 28,904,936,892	$ 28,904,936,892	100%

Note: Values are full value net of State subventions as per the Assessor's assessed roll. However, adjustments and cancellations after publication of the roll are not included.

County of Stanislaus
Property Tax Rates and Distribution of General Levy Property Tax Rate Among Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Property Tax Rates Per $100 of Assessed Valuation (Low)	(High)	County	Cities	(1) School District	Special District	Total
1995	0.8772	1.1678	11.95%	6.83%	75.14%	6.08%	100.00%
1996	0.8750	1.1746	11.89%	6.78%	74.90%	6.43%	100.00%
1997	0.8722	1.1926	11.94%	6.75%	74.79%	6.52%	100.00%
1998	0.8715	1.1576	11.84%	6.56%	74.89%	6.71%	100.00%
1999	0.8715	1.1619	11.80%	6.51%	74.63%	7.06%	100.00%
2000	0.8714	1.1728	11.73%	6.47%	74.20%	7.60%	100.00%
2001	0.8715	1.1461	11.70%	6.50%	73.40%	8.40%	100.00%
2002	0.9657	1.1382	11.58%	6.53%	74.01%	7.88%	100.00%
2003	0.9594	1.1280	11.45%	6.59%	73.46%	8.50%	100.00%
2004	0.9500	1.1105	11.18%	6.49%	73.24%	9.09%	100.00%

The County is divided into approximately 1,357 tax code areas, which are unique combinations of various jurisdictions serving a specific geographical area. The above tax rates, which include levies for general obligation bonds and special assessments, represent the low and high tax rates levied within each tax rate area.

The above allocation percentages are for general levies only and exclude general obligation bond rates and special assessments.

The passage of Proposition 13 on June 6, 1978 enacted Article XIII(A) of the State Constitution. This prohibits the levying of any tax rate, except for existing voter-approved bonded debt, in excess of the general tax rate of 1% of assessed value (4% prior to year ended June 30, 1982). The proceeds of this tax are shared by all overlapping local government entities.

(1) Includes Superintendent of Schools

County of Stanislaus
Legal Debt Margin
June 30, 2003

Assessed Value	$	28,904,936,892
Debt Limit: 1.25% of Taxable Property *	$	361,311,711
Amount of Debt Applicable to Debt Limit **		-
Legal Debt Margin	$	361,311,711

* The legal debt limit is set by statue at 1.25% of the total assessed valuation.

** Debt includes only general obligation bonded debt supported by property taxes.

ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(as of December 1, 2003)

STANISLAUS COUNTY

2003-04 Assessed Valuation:	$26,882,716,933 (includes unitary utility valuation)	
Redevelopment Incremental Valuation:	1,699,658,877	
Adjusted Assessed Valuation:	$25,183,058,056	

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (1)	Debt 12/1/03
Modesto High School District	100. %	$ 82,841,180
Turlock Joint Union High School District	98.211	31,204,812
Ceres Unified School District	100.	24,999,806
Newman-Crows Landing Unified School District	100.	11,329,890
Patterson Joint Unified School District	98.736	18,332,218
Modesto City School District	100.	28,873,337
Sylvan School District	100.	10,640,000
Other School Districts	Various	36,487,888
Modesto Irrigation District	100.	1,930,000
Turlock Irrigation District	88.411	2,581,601
Newman Drainage District	100.	415,000
Empire Union School District Community Facilities District No. 87-1	100.	20,784,661
City Community Facilities Districts	100.	40,070,000
Salida Area Community Facilities District No. 1988-1	100.	36,600,000
Western Hills Water District Community Facilities District No. 1	100.	27,650,000
City 1915 Act Bonds	100.	16,652,063
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$391,392,456
Less: Modesto Irrigation District (100% self-supporting)		1,930,000
Turlock Irrigation District (100% self-supporting)		2,581,601
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$386,880,855

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Stanislaus County Certificates of Participation	**100. %**	**$ 90,220,000**
Stanislaus County Pension Obligations	**100.**	**81,685,000**
Stanislaus County Office of Education Certificates of Participation	100.	6,030,000
Yosemite Community College District Certificates of Participation	72.686	11,971,384
Modesto High School and City School District Certificates of Participation	100.	19,940,000
Salida Union School District Certificates of Participation	100.	9,370,000
Other School District Certificates of Participation	100.	19,835,940
City of Modesto General Fund Obligations	100.	92,905,000
City of Newman Certificates of Participation	100.	3,090,000
Other City Certificates of Participation	100.	2,347,456
Oakdale Irrigation District Certificates of Participation	95.080	946,046
Keyes Fire Protection District Certificates of Participation	100.	293,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$338,633,826
Less: Salida Union School District self-supporting obligations from AIG investment agreement		2,000,000
City of Newman Wastewater Certificates of Participation (100% self-supporting)		2,905,000
Oakdale Irrigation District Certificates of Participation (100% self-supporting)		946,046
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$332,782,780

GROSS COMBINED TOTAL DEBT	$730,026,282	(2)
NET COMBINED TOTAL DEBT	$719,663,635	

(1) Based on 2002-03 ratios.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2003-04 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.46%
Total Net Overlapping Tax and Assessment Debt	1.44%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt ($171,905,000)	**0.68%**
Gross Combined Total Debt	2.90%
Net Combined Total Debt	2.86%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/03: $0

YV($250-update)

Source: California Municipal Statistics, Inc.

County of Stanislaus
Ten Principal Taxpayers
June 30, 2004

Taxpayer	Type of Business	Property Taxes	Percentage of Total Property Taxes
Diablo Grande, LTD	Commercial	$ 3,693,257	1.2816%
Gallo Glass, Co.	Manufacturing	$ 1,803,071	0.6257%
Gallo Winery	Manufacturing	$ 1,477,747	0.5128%
Signature Fruit	Manufacturing	$ 1,444,050	0.5011%
Doctors Medical Center	Medical	$ 1,257,340	0.4363%
Pacific Gas and Electric	Utility	$ 1,158,779	0.4021%
SBC California	Utility	$ 1,127,668	0.3913%
Beard Land Improvement Company	Manufacturing	$ 1,095,446	0.3801%
Foster Dairy Farms	Manufacturing	$ 1,028,028	0.3567%
Hunt Wesson Foods, Inc.	Manufacturing	$ 1,024,762	0.3556%
Total		$ 15,110,147	5.2432%

County of Stanislaus
Miscellaneous Statistical Data

GEOGRAPHICAL LOCATION : Stanislaus County is located in the central part of the state of California, about 300 miles north of Los Angeles and 90 miles east of San Francisco. The County is bordered on the north by San Joaquin County, on the east by Calaveras and Tuolumne Counties, on the south by Merced County, and on the west by Santa Clara County.

AREA OF COUNTY : Approximately 1,520 square miles

COUNTY SEAT : Modesto, California

FORM OF GOVERNMENT : General Law, County governed by five-member Board of Supervisors

DATE COUNTY FORMED : April 1, 1854

FISCAL YEAR BEGINS : July 1.

POPULATION :

Year	Population	%Increase
1992	394,978	3.32%
1993	404,731	2.47%
1994	413,400	2.14%
1995	411,268	-0.52%
1996	416,127	1.18%
1997	419,480	0.81%
1998	427,642	1.95%
1999	432,990	1.25%
2000	441,364	1.93%
2001	446,997	1.28%
2002	469,512	5.04%
2003	481,604	2.58%
2004	491,900	2.14%

INCORPORATED CITIES :

Ceres	Newman	Patterson
Hughson	Oakdale	Riverbank
Modesto	Waterford	Turlock

Principal Employers in Stanislaus County
As of June 30, 2004
(Stanislaus County Economic Development Corporation)

NAME OF EMPLOYER	EMPLOYEES	TYPE OF BUSINESS
County of Stanislaus	4,747	Government
Signature Foods	4,100	Manufacturing
Modesto City Schools	4,000	Education
E & J Gallo	3,425	Wines
Del Monte Corporation	2,600	Manufacturing
Memorial Hospital Association	2,600	Health Care
Doctors Medical Center	2,300	Health Care
Stanislaus Foods	2,000	Manufacturing
Modesto Junior College	1,866	Education
Turlock School Distrit	1,851	Education

ELECTION MARCH 2004 (Presidential Primary)
(County Registrar of Voters)

Registered Voters:	201,195
Number Voting:	78,203
Percent Voting	38.87%

MILES OF COUNTY-MAINTAINED ROADS
(County Department of Public Works)

1,546

CONSTRUCTION PERMITS
(County Building Department)

Calendar Year	# of Permits	Cost of Permits
1994	2,720	$1,011,681
1995	1,119	$1,030,349
1996	1,791	$1,031,882
1997	3,475	$1,093,601
1998	3,283	$1,506,397
1999	2,110	$1,292,098
2000	3,201	$1,616,198
2001	3,522	$1,596,172
2002	3,281	$1,703,735
2003	3,504	$2,939,814

County of Stanislaus
Miscellaneous Statistical Data (continued)
June 30, 2003

	Year	Number of Employees *	Percent of Increase (Decrease)	Number of Employees Per Thousand Population
County Employees at June 30 :	1995	3,920	3.1%	9.5
(County Payroll Register)	1996	3,985	1.7%	9.6
	1997	4,180	4.9%	10
	1998	4,171	-0.2%	9.8
	1999	4,190	0.5%	9.7
	2000	4,542	8.4%	10.3
	2001	4,972	9.5%	11.1
	2002	4,710	-5.3%	10
	2003	4,536	-3.7%	9.4
	2004	4,505	-0.7%	9.2

Number of Special Districts Controlled by Board of Supervisors :

County Service Areas	20	Lighting	32
Drainage	7	Cap. Imp.	1
		Total	60

Number of other Special Districts :

California Water	12	Cemetery	3
Mosquito Abatement	2	Sanitation	2
Resource Conservation	3	Reclamation	2
Community Services	8	Hospital	3
Flood Control & Drainage	2	Irrigation	4
Fire Protection	15	Drainage	1
Emergency Medical Service	1	Lighting	1
Redevelopment Agency	10	SAAG	1
Finance Agency	2	Total	72

* Note: Number of employees includes temporary and extra-help employees.